

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 29, 2002**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File No. **1-6383**

MEDIA GENERAL, INC.

(Exact name of registrant as specified in its charter)

Commonwealth of Virginia

(State or other jurisdiction of incorporation or organization)

54-0850433

(I.R.S. Employer Identification No.)

333 East Franklin Street, Richmond, Virginia

(Address of principal executive offices)

23219

(Zip Code)

Registrant's telephone number, including area code

(804) 649-6000

Securities registered pursuant to Section 12(b) of the Act:

Class A Common Stock

(Title of class)

New York Stock Exchange

(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of voting and non-voting stock held by nonaffiliates of the registrant, based upon the closing price of the Company's Class A Common Stock as reported on the New York Stock Exchange, as of June 30, 2002, was approximately

\$1,390,000,000.

The number of shares of Class A Common Stock outstanding on March 2, 2003, was 22,815,250. The number of shares of Class B Common Stock outstanding on March 2, 2003, was 555,992.

The Company makes available on its website, www.mediageneral.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K as soon as reasonably practicable after being electronically filed with the Securities and Exchange Commission.

Part I, Part II and Part III incorporate information by reference from the Annual Report to Stockholders for the year ended December 29, 2002. Part III also incorporates information by reference from the proxy statement for the Annual Meeting of Stockholders to be held on May 23, 2003.

Index to Media General, Inc.

Annual Report on Form 10-K for the Year Ended December 29, 2002

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Part I

Item 1. Business

General

Media General, Inc., is an independent, publicly owned communications company situated primarily in the Southeast with interests in newspapers, television stations, and interactive media. The Company employs approximately 7,800 people on a full or part-time basis. The Company's businesses are somewhat seasonal; the second and fourth quarters are typically stronger than the first and third quarters.

The Company owns 25 daily newspapers and nearly 100 other publications, as well as 26 (21 southeastern) television stations. The Company also operates more than 50 online enterprises. In the last three years the Company has placed significant emphasis on convergence. Convergence combines the unique strengths of newspapers, television, and the Internet to enable the Company to better gather and present news and information to its readers, viewers, and users and on behalf of its advertisers. These efforts were initiated in the Tampa market, where *The Tampa Tribune*, WFLA-TV and *TBO.com* share the Company's News Center facility and work side by side to provide the most comprehensive news, information and entertainment in that market. The success of this initial venture led the Company to introduce convergence to five additional markets in the Southeast where it operates newspapers, television stations and websites in contiguous regions.

The Company believes that the media industry is poised for a period of consolidation. The Federal Communications Commission (FCC) is in the process of reviewing its ownership regulations on several fronts but the most significant of these from Media General's perspective is the FCC's cross-ownership ban currently prohibiting the common ownership of a TV station and a newspaper in the same market. That ban was first imposed in 1975, at which time there were 79 television stations in America owned and operated by newspapers. Of those, the FCC forced divestiture in seven cases; our Tampa operations were among the other 72. Additionally, the FCC's duopoly regulations (involving the ownership of more than one TV station in the same market) also are being reviewed. The FCC has indicated that it will rule, at a minimum, on the cross-ownership ban in the first half of 2003. If and when these regulations are repealed or amended, a renewed trend of mergers, swaps and acquisitions affecting the publishing and broadcast industries is expected. The Company believes it is well positioned to capitalize on opportunities that would enhance its convergence strategy and further its growth in the Southeast.

Industry Segments

The Company operates in three significant industry segments. For financial information related to these segments see pages 37 and 38 of the 2002 Annual Report to Stockholders, which are incorporated herein by reference. These segments are Publishing, Broadcast, and Interactive Media. Additional information related to each of the Company's significant industry segments is included below.

Publishing Business

At December 29, 2002, the Company's wholly owned publishing operations included daily and Sunday newspapers in Virginia, North Carolina, South Carolina, Alabama and Florida. For a summary of the Company's daily and Sunday newspapers, see the chart on page 7 of the 2002 Annual

Report to Stockholders, which is incorporated herein by reference. Combined average paid circulation for these newspapers in 2002 was as follows:

Newspaper Location	Daily	Sunday	Weekly
Virginia	362,000	414,000	55,000
Florida	232,000	309,000	1,000
North Carolina	164,000	175,000	7,000
Alabama	49,000	51,000	2,000
South Carolina	33,000	35,000	8,000

The Company also holds 20% of the common stock of the Denver Post Corporation, the parent company of *The Denver Post*, a daily newspaper in Denver, Colorado. Effective January 2001, *The Denver Post* and the *Denver Rocky Mountain News* entered into a joint-operating agreement under which the competing newspapers combined their advertising, circulation and production operations, while maintaining separate newsrooms.

The newspaper publishing industry in the United States is comprised of hundreds of public and private companies ranging from large national and regional companies, publishing multiple newspapers across many states, to small privately held companies publishing one newspaper in one locality. The Company is among the top ten publicly held newspaper publishing companies in the United States based on circulation and publishes more daily newspapers in the Southeast than any other company. Moreover, the Company has achieved the number three position in circulation in its chosen southeastern area of focus, with its publications reaching over one million households across the Southeast every week.

All of the Company's newspapers compete for circulation and advertising with other newspapers published nationally and in nearby cities and towns and for advertising with magazines, radio, broadcast and cable television, the Internet and other promotional media. All of the newspapers compete for circulation principally on the basis of content, quality of service and price.

The primary raw material used by the Company in its publishing operations is newsprint, which is purchased at market prices from various Canadian and United States sources, including SP Newsprint Company (SPNC), in which the Company owns a one-third equity interest. SPNC has mills in Dublin, Georgia, and Newberg, Oregon, with a combined annual capacity in excess of 1 million short tons. The publishing operations of the Company consumed approximately 131,000 short tons of newsprint in 2002. Management of the Company believes that sources of supply under existing arrangements, including a commitment to purchase 40,000 short tons from SPNC, will be adequate in 2003.

Broadcast Business

The ownership, operation and sale of broadcast television stations, including those licensed to the Company, are subject to the jurisdiction of the FCC, which engages in extensive and changing regulation of the broadcasting industry under authority granted by the Communications Act of 1934 (Communications Act) and the rules and regulations of the FCC. The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands; determines stations' locations and operating power; issues, renews, revokes and modifies station licenses; assigns and controls changes in ownership or control of station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; regulates certain program content and commercial matters in children's programming; has the

authority to impose penalties for violations of its rules or the Communications Act; and imposes annual fees on stations. Reference should be made to the Communications Act, the FCC's rules, public notices and rulings for further information concerning the nature and extent of federal regulation of broadcast television stations.

The Broadcast Television Division operates twenty-six network-affiliated television stations in the United States. The following table sets forth certain information on each of these stations:

Station Location and Affiliation	National Market Rank (a)	Station Rank (a)*	Audience % Share (a)*	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WFLA-TV NBC Tampa, FL	13	1	12%	2/1/05	12/31/11
WSPA-TV CBS Greenville, SC Spartanburg, SC <i>Satellite:</i> WNEG-TV , Toccoa, GA	35	2	12%	12/1/04	6/30/05
WASV-TV UPN Asheville, NC	35	5	3%	12/1/04	10/31/07
WIAT-TV CBS Birmingham, AL	40	4	8%	4/1/05	12/31/04
WJWB-TV WB Jacksonville, FL	51	4	5%	2/1/05	8/31/05
WKRQ-TV CBS Mobile, AL Pensacola, FL	62	1	16%	4/1/05	4/2/05
WTVQ-TV ABC Lexington, KY	65	3	8%	8/1/05	1/1/06
KWCH-TV CBS Wichita, KS <i>Satellites in Kansas:</i> KBSD-TV , Dodge City KBSH-TV , Hays KBSL-TV , Goodland	66	1	18%	6/1/06	6/30/05

Station Location and Affiliation	National Market Rank (a)	Station Rank (a)*	Audience % Share (a)*	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WSLS-TV NBC Roanoke, VA	67	2	12%	10/1/04	12/31/11
WDEF-TV CBS Chattanooga, TN	85	3	12%	8/1/05	12/31/04
WJTV-TV CBS Jackson, MS	89	2	18%	6/1/05	12/31/04
WJHL-TV CBS Johnson City, TN	90	2	16%	8/1/05	12/31/04
WSAV-TV NBC Savannah, GA	98	2	10%	4/1/05	12/31/11
WNCT-TV CBS Greenville, NC	103	1	17%	12/1/04	12/31/04
WCBD-TV NBC Charleston, SC	105	2	16%	12/1/04	12/31/11
WBTW-TV CBS Florence, SC Myrtle Beach, SC	110	1	27%	12/1/04	6/30/05
WJBF-TV ABC Augusta, GA	115	2	15%	4/1/05	3/6/05
WRBL-TV CBS Columbus, GA	126	2	14%	4/1/05	3/31/05
KIMT-TV CBS Mason City, IA	152	2	13%	2/1/06	6/30/05
WMBB-TV ABC Panama City, FL	159	2	15%	2/1/05	3/6/05
WHLT-TV CBS Hattiesburg, MS	168	2	7%	6/1/05	8/31/05
KALB-TV NBC Alexandria, LA	179	1	26%	6/1/05	12/31/11

- (a) Source: November 2002 Nielsen Rating Books.
- (b) Television broadcast licenses are granted for maximum terms of eight years and are subject to renewal upon application to the FCC.
- * Sign-On to Sign-Off.

The primary source of revenues for the Company's television stations is the sale of time to national and local advertisers. Additional revenue is derived from the network programming carried by major network affiliates.

The Company's television stations are in competition for audience and advertising revenues with other television and radio stations and cable television systems as well as magazines, newspapers, the Internet and other promotional media. A number of cable television systems and direct-to-home satellite companies which operate generally on a subscriber payment basis are in business in the Company's broadcasting markets and compete for audience by presenting cable network and other program services. The television stations compete for audience on the basis of program content and quality of reception, and for advertising revenues on the basis of price, share of market and performance.

The television broadcast industry presently is implementing the transition from analog to digital technology in accordance with a mandated conversion timetable established by the FCC. Nineteen of the Company's television stations have begun digital broadcasting, two are under construction, and five have been granted an extension of their construction deadline by the FCC.

Congress and the FCC have under consideration, and in the future may adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of the Company's broadcast television stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these include, for example, spectrum use fees, political advertising rates, potential restrictions on the advertising of certain products (such as alcoholic beverages) and ownership rule changes. Other matters that could potentially affect the Company's broadcast properties include technological innovations and developments generally affecting competition in the mass communications industry, such as satellite radio and television broadcast service, wireless cable systems, low-power television stations, radio technologies, the advent of telephone company participation in the provision of video programming services, and Internet delivered video programming services.

Interactive Media Business

In January 2001 the Company launched its Interactive Media Division, which operates in conjunction with its Publishing and Broadcast Divisions to provide online news, information and entertainment to its customers without geographic restrictions. The Division is comprised of more than 50 interactive enterprises, as well as minority investments in several companies. During 2002, the Division purchased the assets of Boxerjam Media, an online puzzle and game provider. Currently, the most established component of the Division is Media General Financial Services, Inc., which compiles and makes available both current and historical data on publicly traded companies to a broad spectrum of users, primarily online financial data services, and also offers other specialized financial products.

Among the online enterprises included in the Interactive Media Division, each of the Company's daily newspapers and television stations is affiliated with a website featuring content from its published products or its television offerings. Online revenues are derived primarily from advertising, which includes varied classified products as well as banner and sponsorship advertisements. The most successful revenue initiatives have involved classified products placed on the Company's websites; these products represent approximately 35% of the Division's revenues. The majority of these revenues are derived from upsell arrangements which have been successfully rolled-out to all markets. Under these upsell arrangements, customers pay a small additional fee to have their classified advertisement placed online simultaneously with its publication in the newspaper.

The Interactive Media Division is acting as a catalyst in the Company's convergence efforts, which can best be seen at *TBO.com*, where content from both *The Tampa Tribune* and WFLA-TV is leveraged to create the most comprehensive online news and information service in the Tampa metropolitan area. While the next several years will reflect the expense of starting and growing the Interactive Media Division, the Company expects that it will become profitable in approximately three years.

The Company's online enterprises compete for advertising, as well as for users' discretionary time, against newspapers, magazines, radio, broadcast and cable television, other websites and other promotional media. These websites compete for users principally on the basis of depth of content, and for advertisers primarily on the strength of technology to deliver advertisements and the quality of that delivery.

Item 2. Properties

The headquarters buildings of Media General, Inc., and the Richmond Times-Dispatch are adjacent to one another in downtown Richmond, Virginia. The Company currently leases both of these buildings and has an option to buy them. The Company owns a third adjacent building which houses the Interactive Media Division's and Broadcast Division's management. The Richmond newspaper is printed at a production and distribution facility located on a site (approximately 90 acres) in Hanover County, Virginia, near Richmond; the acreage beyond the foreseeable needs of the Company is being actively marketed. The Company owns eight other daily newspapers in Virginia, all of which are printed in or around their respective cities at production and distribution facilities situated on parcels of land ranging from one-half acre to six acres. The Tampa, Florida, newspaper is located in a single unit production plant and office building located on a six acre tract in that city. The headquarters of the Company's Brooksville and Sebring, Florida, daily newspapers are located on leased property in their respective cities; however, these newspapers are printed at the Tampa production facility. The Winston-Salem newspaper is headquartered in one building in downtown Winston-Salem; its newspaper is printed at a production and distribution facility located on a nearby 12 acre site. The remaining twelve daily newspapers (seven in North Carolina, three in Alabama, and one each in South Carolina and Florida) are printed at production and distribution facilities on sites which range from one-half acre to seven acres, all located in or around their respective cities. The Company owns substantially all of its newspaper production equipment, production buildings and the land where these production facilities reside.

The Company's broadcast television station, WFLA-TV in Tampa, Florida, occupies its headquarters and studio building, which is leased by the Company with an option to buy. This building adjoins *The Tampa Tribune*. This structure also serves as a multimedia news center where efforts are combined and information is shared among *The Tampa Tribune*, WFLA-TV and *TBO.com*.

The Company's 26 television stations are located in 12 states (ten southeastern) as follows: four each in Georgia, Kansas and South Carolina; three in Florida; two each in Alabama, Mississippi, and Tennessee; and one in Iowa, Kentucky, Louisiana, North Carolina, and Virginia. Substantially all of the television stations are located on land owned by the Company. Eighteen station tower sites are owned by the Company; eight are leased.

The Interactive Media Division operates out of and in conjunction with the Publishing and Broadcast properties.

The Company considers all of its properties, together with the related machinery and equipment contained therein, to be well maintained, in good operating condition, and adequate for its present and foreseeable future needs.

Item 3. Legal Proceedings

None.

Items 4. Submission of Matters to a Vote of Security Holders

The Company's Class B stockholders, at a special meeting held February 10, 2003, approved certain performance goals utilized and to be utilized in the Company's Annual Incentive Plan and its restricted stock awards.

Executive Officers of the Registrant

Name	Age	Position and Office	Year First Took Office*
J. Stewart Bryan III	64	Chairman, Chief Executive Officer	1985
Marshall N. Morton	57	Vice Chairman, Chief Financial Officer	1989
O. Reid Ashe, Jr.	54	President, Chief Operating Officer	2001
H. Graham Woodlief, Jr.	58	Vice President, President of Publishing Division	1989
James A. Zimmerman	56	Vice President, President of Broadcast Division	2001
Neal F. Fondren	44	Vice President, President of Interactive Media Division	2001
Lou Anne J. Nabhan	48	Vice President, Corporate Communications	2001
Stephen Y. Dickinson	57	Controller	1989
George L. Mahoney	51	General Counsel, Secretary	1993
John A. Schauss	47	Treasurer	2001

* The year indicated is the year in which the officer first assumed an office with the Company.

Officers of the Company are elected at the Annual Meeting of the Board of Directors to serve, unless sooner removed, until the next Annual Meeting of the Board of Directors and/or until their successors are duly elected and qualified.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Reference is made to page 45 of the 2002 Annual Report to Stockholders, which is incorporated herein by reference, for information required by this item.

Item 6. Selected Financial Data

Reference is made to pages 46 and 47 of the 2002 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to pages 17 through 23 of the 2001 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to pages 21, 22, 30, 36, 37 and 44 of the 2002 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

Item 8. Financial Statements and Supplementary Data

Consolidated financial statements of the Company as of December 29, 2002, and December 30, 2001, and for each of the three fiscal years in the period ended December 29, 2002, and the report of independent auditors thereon, as well as the Company's unaudited quarterly financial data for the fiscal years ended December 29, 2002, and December 30, 2001, are incorporated herein by reference from the 2002 Annual Report to Stockholders pages 24 through 45.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrant

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 23, 2003, except as to certain information regarding executive officers included in Part I.

Item 11. Executive Compensation

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 23, 2003.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 23, 2003.

Item 13. Certain Relationships and Related Transactions

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 23, 2003.

Item 14. Controls and Procedures

Within 90 days of the filing of this Form 10-K, the Company's management, including the chief executive officer and chief financial officer, performed an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the chief executive officer and chief financial officer, concluded that the Company's disclosure controls and procedures were effective as of the date of the evaluation. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. and 2. Financial Statement Schedules

The financial statements and schedules listed in the accompanying index to financial statements and financial schedules are filed as part of this annual report.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed as part of this annual report.

(b) Reports on Form 8-K

None

Index to Financial Statements and Financial Statement Schedules - Item 14(a)

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Schedules other than Schedule II, listed above, are omitted since they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

The consolidated financial statements of Media General, Inc. (except for Note 12 which is provided below), listed in the above index which are included in the Annual Report to Stockholders of Media General, Inc., for the fiscal year ended December 29, 2002, are incorporated herein by reference. With the exception of the pages listed in the above index and the information incorporated by reference included in Parts I, II and III, the 2002 Annual Report to Stockholders is not deemed filed as part of this report.

The following financial statement footnote was not included in the Annual Report:

Note 12: Guarantor Financial Information

Under the shelf registration filed in August 2001 (See Note 5), the Company's subsidiaries may be required, from time to time, to guarantee debt securities issued from that shelf under certain circumstances. These guarantees would be full and unconditional and on a joint and several basis. For the \$200 million in senior notes, which are currently guaranteed by the subsidiaries, the following financial information presents condensed consolidating balance sheets, statements of operations, and statements of cash flows for the parent company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, together with certain eliminations. The Non-Guarantor Subsidiary is Garden State Paper, which was sold in the third quarter of 2000, during its period of ownership.

Media General, Inc.
Condensed Consolidating Balance Sheets
As of December 29, 2002
(In thousands)

	<u>Media General Corporate</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Media General Consolidated</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,932	\$ 4,347	\$ —	\$ 11,279
Accounts receivable, net	—	112,399	—	112,399
Inventories	3	4,098	—	4,101
Other	43,088	52,175	(62,490)	32,773
Total current assets	50,023	173,019	(62,490)	160,552
Investments in unconsolidated affiliates	10,229	83,141	—	93,370
Investments in and advances to subsidiaries	1,765,564	779,747	(2,545,311)	—
Other assets	33,485	34,655	—	68,140
Property, plant and equipment, net	22,308	350,411	—	372,719
Excess of cost over fair value of net identifiable assets of acquired businesses, net	—	832,004	—	832,004
FCC licenses and other intangibles, net	—	820,226	—	820,226
Total assets	\$ 1,881,609	\$ 3,073,203	\$ (2,607,801)	\$ 2,347,011
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 8,743	\$ 12,224	\$ —	\$ 20,967
Accrued expenses and other liabilities	63,705	87,437	(62,496)	88,646
Income taxes payable	—	1,888	—	1,888
Total current liabilities	72,448	101,549	(62,496)	111,501
Long-term debt	642,937	—	—	642,937
Deferred income taxes	(68,579)	413,757	—	345,178
Other liabilities and deferred credits	179,089	9,052	—	188,141
Stockholders' equity				
Common stock	116,042	4,872	(4,872)	116,042
Additional paid-in capital	18,504	2,027,672	(2,027,672)	18,504
Accumulated other comprehensive income (loss)	(50,319)	3,540	—	(46,779)
Unearned compensation	(5,506)	—	—	(5,506)
Retained earnings	976,993	512,761	(512,761)	976,993
Total stockholders' equity	1,055,714	2,548,845	(2,545,305)	1,059,254
Total liabilities and stockholders' equity	\$ 1,881,609	\$ 3,073,203	\$ (2,607,801)	\$ 2,347,011

Media General, Inc.
Condensed Consolidating Balance Sheets
As of December 30, 2001
(In thousands)

	<u>Media General Corporate</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Media General Consolidated</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,382	\$ 4,755	\$ —	\$ 9,137
Accounts receivable, net	—	112,431	—	112,431
Inventories	1	4,859	—	4,860
Other	38,473	58,902	(60,765)	36,610
Total current assets	42,856	180,947	(60,765)	163,038
Investments in unconsolidated affiliates	10,401	104,187	—	114,588
Investments in and advances to subsidiaries	1,985,287	609,248	(2,594,535)	—
Other assets	36,676	34,632	—	71,308
Property, plant and equipment, net	19,896	366,020	—	385,916
Excess of cost over fair value of net identifiable assets of acquired businesses, net	—	933,957	—	933,957
FCC licenses and other intangibles, net	—	865,252	—	865,252
Total assets	\$ 2,095,116	\$ 3,094,243	\$ (2,655,300)	\$ 2,534,059
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 8,997	\$ 10,912	\$ —	\$ 19,909
Accrued expenses and other liabilities	61,846	79,513	(60,771)	80,588
Total current liabilities	70,843	90,425	(60,771)	100,497
Long-term debt	776,923	739	—	777,662
Deferred income taxes	(46,561)	397,415	—	350,854
Other liabilities and deferred credits	129,365	12,013	—	141,378
Stockholders' equity				
Common stock	114,883	4,872	(4,872)	114,883
Additional paid-in capital	10,006	2,024,639	(2,024,639)	10,006
Accumulated other comprehensive income (loss)	(20,135)	(878)	—	(21,013)
Unearned compensation	(6,780)	—	—	(6,780)
Retained earnings	1,066,572	565,018	(565,018)	1,066,572
Total stockholders' equity	1,164,546	2,593,651	(2,594,529)	1,163,668
Total liabilities and stockholders' equity	\$ 2,095,116	\$ 3,094,243	\$ (2,655,300)	\$ 2,534,059

Media General, Inc.
Condensed Consolidating Statements of Operations
Fiscal Year Ended December 29, 2002
(In thousands)

	<u>Media General Corporate</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Media General Consolidated</u>
Revenues	\$ 160,831	\$ 947,720	\$ (271,751)	\$ 836,800
Operating costs:				
Production	—	347,428	—	347,428
Selling, general and administrative	145,336	402,092	(271,751)	275,677
Depreciation and amortization	4,381	61,114	—	65,495
	<u>149,717</u>	<u>810,634</u>	<u>(271,751)</u>	<u>688,600</u>
Operating income	11,114	137,086	—	148,200
Operating income (expense):				
Interest expense	(47,842)	(32)	—	(47,874)
Investment loss – unconsolidated affiliates	(172)	(13,957)	—	(14,129)
Investment loss – consolidated affiliates	(52,257)	—	52,257	—
Other, net	7,013	(5,060)	—	1,953
	<u>(93,258)</u>	<u>(19,049)</u>	<u>52,257</u>	<u>(60,050)</u>
Income (loss) before income taxes and cumulative effect of change in accounting principle	(82,144)	118,037	52,257	88,150
Income tax expense (benefit)	(9,227)	43,958	—	34,731
Income (loss) before cumulative effect of change in accounting principle	(72,917)	74,079	52,257	53,419
Cumulative effect of change of accounting principle (net of tax)	—	(126,336)	—	(126,336)
Net income (loss)	(72,917)	(52,257)	52,257	(72,917)
Other comprehensive income (loss) (net of tax)	(30,183)	4,417	—	(25,766)
Comprehensive income (loss)	<u>\$ (103,100)</u>	<u>\$ (47,840)</u>	<u>\$ 52,257</u>	<u>\$ (98,683)</u>

Media General, Inc.
Condensed Consolidating Statements of Operations
Fiscal Year Ended December 30, 2001
(In thousands)

	Media General Corporate	Guarantor Subsidiaries	Eliminations	Media General Consolidated
Revenues	\$ 152,314	\$ 926,578	\$ (271,716)	\$ 807,176
Operating costs:				
Production	—	354,740	—	354,740
Selling, general and administrative	153,115	384,591	(271,716)	265,990
Depreciation and amortization	4,230	109,502	—	113,732
Total operating costs	157,345	848,833	(271,716)	734,462
Operating income (loss)	(5,031)	77,745	—	72,714
Operating income (expense):				
Interest expense	(54,159)	(88)	—	(54,247)
Investment income – unconsolidated affiliates	3,094	16,855	—	19,949
Investment income – consolidated affiliates	53,166	—	(53,166)	—
Other, net	(2,167)	(5,303)	—	(7,470)
Total other income (expense)	(66)	11,464	(53,166)	(41,768)
Income (loss) from continuing operations before income taxes	(5,097)	89,209	(53,166)	30,946
Income tax expense (benefit)	(23,021)	36,043	—	13,022
Income (loss) from continuing operations	17,924	53,166	(53,166)	17,924
Gain from discontinued operations (net of tax)	280	—	—	280
Net income (loss)	18,204	53,166	(53,166)	18,204
Other comprehensive income (loss) (net of tax)	(20,135)	2,603	—	(17,532)
Comprehensive income (loss)	\$ (1,931)	\$ 55,769	\$ (53,166)	\$ 672

Media General, Inc.
Condensed Consolidating Statements of Operations
Fiscal Year Ended December 31, 2000
(In thousands)

	Media General Corporate	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Media General Consolidated
Revenues	\$ 154,060	\$ 944,866	\$ —	\$ (268,325)	\$ 830,601
Operating costs:					
Production	—	343,949	—	—	343,949
Selling, general and administrative	151,240	378,357	—	(268,325)	261,272
Depreciation and amortization	4,128	97,419	—	—	101,547
Total operating costs	155,368	819,725	—	(268,325)	706,768
Operating income (loss)	(1,308)	125,141	—	—	123,833
Operating income (expense):					
Interest expense	(42,434)	(124)	—	—	(42,558)
Investment income (loss) – unconsolidated affiliates	(2,546)	7,677	—	—	5,131
Investment income – consolidated affiliates	79,374	—	—	(79,374)	—
Other, net	13,520	3,000	—	—	16,520
Total other income (expense)	47,914	10,553	—	(79,374)	(20,907)
Income (loss) from continuing operations before income taxes	46,606	135,694	—	(79,374)	102,926
Income tax expense (benefit)	(12,601)	51,970	—	—	39,369
Income (loss) from continuing operations	59,207	83,724	—	(79,374)	63,557
Discontinued operations:					
Loss from discontinued operations (net of tax)	—	—	(4,350)	—	(4,350)
Loss on disposition of discontinued operations (net of tax)	(5,488)	—	—	—	(5,488)
Net income (loss)	53,719	83,724	(4,350)	(79,374)	53,719
Other comprehensive income (loss) (net of tax)	(10,873)	—	—	—	(10,873)
Comprehensive income (loss)	\$ 42,846	\$ 83,724	\$ (4,350)	\$ (79,374)	\$ 42,846

Media General, Inc.
Condensed Consolidating Statements of Cash Flows
Fiscal Year Ended December 29, 2002
(In thousands)

	Media General Corporate	Guarantor Subsidiaries	Media General Consolidated
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 140,359	\$ 32,259	\$ 172,618
Cash flows from investing activities:			
Capital expenditures	(2,235)	(31,045)	(33,280)
Purchase of businesses	(1,124)	—	(1,124)
Other investments	—	(1,633)	(1,633)
Other, net	5,431	116	5,547
Net cash provided (used) by investing activities	2,072	(32,562)	(30,490)
Cash flows from financing activities:			
Increase in debt	251,000	—	251,000
Repayment of debt	(384,986)	(105)	(385,091)
Cash dividends paid	(16,662)	—	(16,662)
Other, net	10,767	—	10,767
Net cash used by financing activities	(139,881)	(105)	(139,986)
Net increase (decrease) in cash and cash equivalents	2,550	(408)	2,142
Cash and cash equivalents at beginning of year	4,382	4,755	9,137
Cash and cash equivalents at end of year	\$ 6,932	\$ 4,347	\$ 11,279

Media General, Inc.
Condensed Consolidating Statements of Cash Flows
Fiscal Year Ended December 30, 2001
(In thousands)

	<u>Media General Corporate</u>	<u>Guarantor Subsidiaries</u>	<u>Media General Consolidated</u>
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 76,750	\$ 47,559	\$ 124,309
Cash flows from investing activities:			
Capital expenditures	(10,062)	(44,311)	(54,373)
Purchase of businesses	(1,766)	—	(1,766)
Other, net	4,070	(4,502)	(432)
Net cash used by investing activities	<u>(7,758)</u>	<u>(48,813)</u>	<u>(56,571)</u>
Cash flows from financing activities:			
Increase in debt	1,236,882	—	1,236,882
Repayment of debt	(1,280,998)	(304)	(1,281,302)
Debt issuance costs	(12,211)	—	(12,211)
Stock repurchase	(2,120)	—	(2,120)
Cash dividends paid	(15,607)	—	(15,607)
Other, net	5,353	—	5,353
Net cash used by financing activities	<u>(68,701)</u>	<u>(304)</u>	<u>(69,005)</u>
Net (decrease) increase in cash and cash equivalents	291	(1,558)	(1,267)
Cash and cash equivalents at beginning of year	4,091	6,313	10,404
Cash and cash equivalents at end of year	<u>\$ 4,382</u>	<u>\$ 4,755</u>	<u>\$ 9,137</u>

Media General, Inc.
Condensed Consolidating Statements of Cash Flows
Fiscal Year Ended December 31, 2000
(In thousands)

	<u>Media General Corporate</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Media General Consolidated</u>
Cash flows from operating activities:				
Net cash (used) provided by operating activities	\$ (431,695)	\$ 33,085	\$ 26,004	\$ (372,606)
Cash flows from investing activities:				
Capital expenditures	(5,041)	(31,817)	(6,015)	(42,873)
Purchase of businesses	(857,570)	—	—	(857,570)
Proceeds from dispositions and sales	90,511	—	—	90,511
Proceeds from maturity of short-term investments	390,748	—	—	390,748
Other, net	(12,284)	256	—	(12,028)
Net cash used by investing activities	(393,636)	(31,561)	(6,015)	(431,212)
Cash flows from financing activities:				
Increase in debt	1,095,000	—	—	1,095,000
Repayment of debt	(313,000)	(333)	(20,000)	(333,333)
Stock repurchase	(192,692)	—	—	(192,692)
Cash dividends paid	(15,299)	—	—	(15,299)
Other, net	5,248	—	—	5,248
Net cash provided (used) by financing activities	579,257	(333)	(20,000)	558,924
Net (decrease) increase in cash and cash equivalents	(246,074)	1,191	(11)	(244,894)
Cash and cash equivalents at beginning of year	250,165	5,122	11	255,298
Cash and cash equivalents at end of year	\$ 4,091	\$ 6,313	\$ —	\$ 10,404

Media General, Inc.
Schedule II - Valuation and Qualifying Accounts and Reserves
Fiscal Years Ended December 29, 2002, December 30, 2001, and December 31, 2000

	<u>Balance at Beginning of period</u>	<u>Additions charged to expense-net</u>	<u>Deductions Net</u>	<u>Transfers</u>	<u>Balance at end of period</u>
2002					
Allowance for doubtful accounts	\$ 8,085,119	\$ 3,942,289	\$ 5,249,315	\$ —	\$ 6,778,093
Reserve for warranties	1,631,761	—	180,912	—	1,450,849
Totals	\$ 9,716,880	\$ 3,942,289	\$ 5,430,227	\$ —	\$ 8,228,942
2001					
Allowance for doubtful accounts	\$ 7,470,680	\$ 7,984,458	\$ 7,382,642	\$ 12,623(a)	\$ 8,085,119
Reserve for warranties	2,488,219	—	856,458	—	1,631,761
Totals	\$ 9,958,899	\$ 7,984,458	\$ 8,239,100	\$ 12,623	\$ 9,716,880
2000					
Allowance for doubtful accounts	\$ 7,088,011	\$ 4,750,536	\$ 5,239,457	\$ 871,590(a)	\$ 7,470,680
Reserve for warranties	2,700,000	—	211,781	—	2,488,219
Totals	\$ 9,788,011	\$ 4,750,536	\$ 5,451,238	\$ 871,590	\$ 9,958,899

(a) Amount associated with net acquisitions and dispositions of businesses.

Index to Exhibits

Exhibit Number	Description
3 (i)	The Amended and Restated Articles of Incorporation of Media General, Inc., incorporated by reference to Exhibit 3.1 of Form 10-K for the fiscal year ended December 31, 1989.
3 (ii)	Bylaws of Media General, Inc., amended and restated as of November 7, 2001 incorporated by reference to Exhibit 3 (ii) of Form 10-Q for the period ended September 30, 2001.
10.1	Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 2.2 of Registration Statement 2-56905.
10.2	Additional Form of Option to be granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 2 to Post-Effective Amendment No. 3 Registration Statement 2-56905.
10.3	Addendum dated January 1984, to Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.13 of Form 10-K for the fiscal year ended December 31, 1983.
10.4	Addendum dated June 19, 1992, to Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.15 of Form 10-K for the fiscal year ended December 27, 1992.
10.5	Addendum dated June 19, 1992, to Form of Option granted under the 1987 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.20 of Form 10-K for the fiscal year ended December 27, 1992.
10.6	Shareholders Agreement, dated May 28, 1987, between Mary Tennant Bryan, Florence Bryan Wisner, J. Stewart Bryan III, and as trustees under D. Tennant Bryan Media Trust, and Media General, Inc., D. Tennant Bryan and J. Stewart Bryan III, incorporated by reference to Exhibit 10.50 of Form 10-K for the fiscal year ended December 31, 1987.
10.7	Media General, Inc., Supplemental 401(K) Plan, amended and restated as of January 1, 2001, incorporated by reference to Exhibit 10.10 of Form 10-K for the fiscal year ended December 31, 2000.
10.8	Media General, Inc., Executive Supplemental Retirement Plan, amended, and restated as of April 23, 1999, incorporated by reference to Exhibit 10 of Form 10-Q for the period ended June 27, 1999.
10.9	Deferred Income Plan for Selected Key Executives of Media General, Inc., and form of Deferred Compensation Agreement thereunder dated as of December 1, 1984,

incorporated by reference to Exhibit 10.29 of Form 10-K for the fiscal year ended December 31, 1989.

- 10.10 Media General, Inc., Management Performance Award Program, adopted November 16, 1990, and effective January 1, 1991, incorporated by reference to Exhibit 10.35 of Form 10-K for the fiscal year ended December 29, 1991.
- 10.11 Media General, Inc., Deferred Compensation Plan, amended and restated as of January 1, 1999, incorporated by reference to Exhibit 4.3 of Registration Statement 333-69527.
- 10.12 Media General, Inc., ERISA Excess Benefits Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit 10.33 of Form 10-K for the fiscal year ended December 25, 1994.
- 10.13 Media General, Inc., 1995 Long-Term Incentive Plan, amended and restated as of May 18, 2001, incorporated by reference to Appendix B of the Proxy Statement dated April 2, 2001.
- 10.14 Media General, Inc., 1996 Employee Non-Qualified Stock Option Plan, adopted as of January 30, 1996, incorporated by reference to Exhibit 10.20 of Form 10-K for the fiscal year ended December 29, 1996.
- 10.15 Media General, Inc., 1997 Employee Restricted Stock Plan, adopted as of May 16, 1997, incorporated by reference to Exhibit 10.21 of Form 10-K for the fiscal year ended December 29, 1996.
- 10.16 Media General, Inc., Directors' Deferred Compensation Plan, adopted as of May 16, 1997, incorporated by reference to Exhibit 10.22 of Form 10-K for the fiscal year ended December 29, 1996.
- 10.17 Form of an executive life insurance agreement between the Company and certain executive officers.
- 10.18 Split - Dollar Insurance Agreement dated March 19, 1999 between Media General, Inc. and J. Stewart Bryan, III.
- 10.19 Amended and Restated Partnership Agreement, dated November 1, 1987, by and among Virginia Paper Manufacturing Corp., KR Newsprint Company, Inc., and CEI Newsprint, Inc., incorporated by reference to Exhibit 10.31 of Form 10-K for the fiscal year ended December 31, 1987.
- 10.20 Amended and Restated Umbrella Agreement, dated November 1, 1987, by and among Media General, Inc., Knight - Ridder, Inc., and Cox Enterprises, Inc., incorporated by reference to Exhibit 10.34 of Form 10-K for the fiscal year ended December 31, 1987.
- 10.21 Amended Newsprint Purchase Contract, dated November 1, 1987, by and among Southeast Paper Manufacturing Co., Media General, Inc., Knight-Ridder, Inc., and Cox Enterprises, Inc., incorporated by reference to Exhibit 10.35 of Form 10-K for the fiscal year ended December 31, 1987.

- 10.22 Television affiliation letter agreement, dated April 16, 2001, between Media General Broadcast Group and the NBC Television Network incorporated by reference to Exhibit 10.24 of Form 10-K for the fiscal year ended December 30, 2001.
- 10.23 Credit Agreement, dated June 29, 2001, among Media General, Inc., and various lenders, incorporated by reference to Exhibit 10.1 of Form 10-Q for the period ended July 1, 2001.
- 10.24 Third Amended and Restated Shareholders' Agreement dated June 30, 1999, by and among Media General, Inc., Media News Group, Inc., and Denver Newspapers, Inc.
- 13 Media General, Inc., Annual Report to Stockholders for the fiscal year ended December 29, 2002.
- 21 List of subsidiaries of the registrant.
- 23 Consent of Ernst & Young LLP, Independent Auditors.
- 99.1 Certification of Chief Executive Officer
- 99.2 Certification of Chief Financial Officer

Note:Exhibits 10.1 - 10.18 are management contracts or compensatory plans, contracts or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 28, 2003

MEDIA GENERAL, INC.

/s/ J. STEWART BRYAN III

J. Stewart Bryan III,
*Chairman and Chief Executive
Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ MARSHALL N. MORTON</i> <hr/> Marshall N. Morton	Vice Chairman, Chief Financial Officer and Director	March 28, 2003
<hr/> <i>/s/ O. REID ASHE, JR.</i> <hr/> O. Reid Ashe, Jr.	President, Chief Operating Officer and Director	March 28, 2003
<hr/> <i>/s/ STEPHEN Y. DICKINSON</i> <hr/> Stephen Y. Dickinson	Controller	March 28, 2003
<hr/> <i>/s/ CHARLES A. DAVIS</i> <hr/> Charles A. Davis	Director	March 28, 2003
<hr/> <i>/s/ ROBERT V. HATCHER, JR.</i> <hr/> Robert V. Hatcher, Jr.	Director	March 28, 2003
<hr/> <i>/s/ JOHN G. MEDLIN, JR.</i> <hr/> John G. Medlin, Jr.	Director	March 28, 2003
<hr/> <i>/s/ THOMPSON L. RANKIN</i> <hr/> Thompson L. Rankin	Director	March 28, 2003
<hr/> <i>/s/ WYNDHAM ROBERTSON</i> <hr/> Wyndham Robertson	Director	March 28, 2003
<hr/> <i>/s/ HENRY L. VALENTINE, II</i> <hr/>	Director	March 28, 2003

Henry L. Valentine, II

/s/ WALTER E. WILLIAMS

Director

March 28, 2003

Walter E. Williams

CERTIFICATIONS

I, J. Stewart Bryan III, certify that:

1. I have reviewed this annual report on Form 10-K of Media General, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ J. STEWART BRYAN III

**J. Stewart Bryan III, Chairman and
Chief Executive Officer**

I, Marshall N. Morton, certify that:

1. I have reviewed this annual report on Form 10-K of Media General, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ MARSHALL N. MORTON

Marshall N. Morton
Vice Chairman & Chief Financial Officer

EXECUTIVE LIFE INSURANCE BONUS AGREEMENT

This Executive Life Insurance Bonus Agreement (the "Agreement") is made and entered into as of _____, 20 ____, by and between _____ ("Executive") and Media General, Inc. ("Company").

RECITALS

- A. The Company will annually provide the Executive with special bonus compensation in recognition of the Executive's ongoing valuable contribution to the success of the Company and as an inducement for the Executive's continued employment in the future;
- B. The Company and the Executive desire to have the specifics of the annual bonus compensation and the criteria pursuant to which such compensation will be paid reduced to a written agreement.

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the Company and the Executive agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

- 1.1 **Definitions.** For purposes of this Agreement, unless otherwise clearly apparent from the context, the following phrases or items shall have the following indicated meanings:
 - (a) "**Actual Policy**" shall mean the actual registered corporate variable universal life insurance product (policy number _____), issued by the Insurer and owned by the Executive or the Executive's designee, for which the Company shall remit Premium to the Insurer on the Executive's behalf and which shall reflect the Executive's actual allocation of policy values.
 - (b) "**Base Compensation**" shall mean: (i) the Executive's annual base salary, excluding bonuses, commissions, overtime, director fees and other fees, paid to the Executive for employment services rendered to the Company, before reduction for compensation deferred pursuant to all qualified, non-qualified and Code Section 125 plans of the Company. For purposes of determining the Executive's Base Compensation for every year up to and including the year in which such Executive terminates or retires, the Base Compensation established for the Executive as of January 1 of that year shall be used. For any and all subsequent years (if any) covered by this Agreement, the Executive's Base Compensation established for the Executive as of January 1 in the year in which the Executive terminates or retires shall be used.

- (c) “**Cause**” shall mean:
- (i) the failure of the Executive to perform the Executive’s duties with the Company or an affiliated company (other than any such failure resulting from incapacity due to physical or mental illness),
 - (ii) the engaging by the Executive in illegal conduct or gross misconduct which is injurious to the Company,
 - (iii) conviction of an act of embezzlement or fraud against the Company, or a conviction of a felony or guilty or nolo contendere plea by the Employee with respect thereto, or
 - (iv) deliberate dishonesty of the Executive with respect to the Company or any of its affiliated companies.
- (d) “**Effective Date**” shall mean the date the Insurer issues the Executive’s Actual Policy.
- (e) “**Bonus Compensation**” shall mean the sum of the Premium, and a cash bonus computed in the manner described in Section 3.2.
- (f) “**Insurer**” shall mean Travelers Life Insurance Company and/or such other carrier(s) as the Company may, in its sole discretion, select for purposes of remitting Premium.
- (g) “**Non-Compete Requirement**” shall mean that an Executive shall not, without the written consent of the Company, directly or indirectly enter into or in any manner take part in any business, profession or other endeavor which shall be in competition with the business of the Company, either as an employee, agent, independent contractor, owner or otherwise in any state in which the Company is conducting business.
- (h) “**Phantom Policy**” shall be used solely for the purpose of computing the amount of Premium due to the Insurer for any given Policy Year, based upon the following assumptions: (i) the issue date, health “rating” of the insured, attained age of the insured and other similar underwriting attributes reflected in the Actual Policy shall also be reflected in the Phantom Policy; provided, however, in the event the Executive’s Actual Policy is a joint life policy, the Phantom Policy shall be deemed to be a single life policy insuring the life of the Executive; (ii) the Phantom Policy shall be funded with annual premiums over the premium payment period; (iii) the premium payment period shall commence upon the Effective Date and shall be assumed to continue until the Policy Year in which the Executive will attain age sixty-five (65), or actual termination in the event the Executive continues employment past age sixty-

five (65); (iv) the Phantom Policy shall be deemed to be the same registered corporate variable universal life insurance product as the Actual Policy; provided, however, in the event the Executive's Actual Policy is a joint life policy, the Phantom Policy shall be deemed to be a single life policy insuring the life of the Executive; (v) any and all Premiums paid to the Insurer pursuant to this Agreement, for prior Policy Years, shall be deemed to be contributed to this Phantom Policy as of the date such Premiums are contributed to the Actual Policy; (vi) all Premiums and policy values shall be assumed to grow at a net crediting rate of 8.5% (before reduction for mortality and policy expenses but net of investment management fees) within the Phantom Policy (irrespective of the Executive's allocation choices within the Actual Policy) and (vii) the Phantom Policy shall be funded, annually, with Premium based on all of the following benefit targets:

The first funding target shall be to **provide a death benefit** to the Executive equal to 300% of the sum of Base Compensation and Targeted Incentive Bonus.

The second funding target shall be to **provide a death benefit** to the Executive through his projected retirement age of sixty-five (65) equal to 300% of Projected Total Compensation.

The third funding target shall be to **provide cash value**, as the end of the premium payment period (described above), sufficient to sustain ongoing death benefit coverage equal to 150% of Projected Total Compensation.

Upon any actual termination of employment, which occurs before the term of this Agreement has been completed, pursuant to Section 4.1, other than termination due to Total Disability, the following benefit targets shall replace the three benefits targets above, however, all other assumptions described above with respect to the Phantom Policy, shall be applicable:

The first funding target shall be to **provide a death benefit** to the Executive through age sixty-five (65) equal to 150% of the sum of Base Compensation and Targeted Incentive Bonus.

The second funding target shall be to **provide cash value**, as the end of the premium payment period (described above), sufficient to sustain ongoing death benefit coverage equal to 150% of the sum of the Executive's Base Compensation and Targeted Incentive Bonus.

Upon any actual termination of employment due to Total Disability which occurs before the term of this Agreement has been completed, pursuant to Section 4.1, the following benefit targets shall replace the three benefits

targets above, however, all other assumptions described above with respect to the Phantom Policy, shall be applicable:

The first funding target shall be to **provide a death benefit** to the Executive through age fifty-five (55) equal to 300% of Base Compensation and Targeted Incentive Bonus.

The second funding target shall be to **provide a death benefit** to the Executive from age fifty-five (55) through age sixty-five (65) equal to 150% of the sum of Base Compensation and Targeted Incentive Bonus.

The third funding target shall be to **provide cash value**, as the end of the premium payment period (described above), sufficient to sustain ongoing death benefit coverage equal to 150% of Base Compensation and Targeted Incentive Bonus.

- (i) **“Policy Year”** shall mean the twelve (12) month period commencing on the Effective Date, and every twelve (12) month period commencing thereafter.
- (j) **“Premium”** shall mean the amount required to fund the Phantom Policy, for a given Policy Year, which shall be remitted to the Insurer on the Executive’s behalf, for the Actual Policy.
- (k) **“Projected Total Compensation”** shall be used solely for purposes of determining Premium payable by the Company with respect to the “Phantom Policy” and shall mean the amount of the Executive’s Base Compensation and Targeted Incentive Bonus projected to be earned by the Executive in each future year. For purposes of determining the annual Premium to be paid in connection with the “Phantom Policy”, each year the Executive’s Base Compensation and Targeted Incentive Bonus shall be measured as of January 1, and an annual escalation factor of nine and one-half percent (9.5%) shall be applied to such Base Compensation and Targeted Incentive Bonus, for the period remaining until age sixty-five (65). An increase in Base Compensation and Targeted Incentive Bonus shall be deemed to occur as of January 1 of each year.
- (l) **“Targeted Incentive Bonus”** shall mean one hundred (100) percent of the amount the Executive is eligible to receive under the Company’s annual incentive bonus plan. For purposes of determining the Executive’s Targeted Incentive Bonus for every year up to and including the year in which such Executive terminates or retires, the Targeted Incentive Bonus established for the Executive as of January 1 of that year shall be used. For any and all subsequent Policy Years (if any) covered by this Agreement, the Executive’s Targeted Incentive Bonus established for the Executive as of January 1 in the year in which the Executive terminates or retires shall be used.

(m) “**Total Disability**” shall mean the Executive is permanently physically or mentally unable to perform his customary and/or required duties under the terms of the Company’s group disability insurance plan.

1.2 **Construction.** The masculine gender, where appearing in the Agreement, shall include the feminine gender (and vice versa), and the singular shall include the plural, unless the context clearly indicates to the contrary. Headings and subheadings are for the purpose of reference only and are not to be considered in construction of this Agreement. If any provision of this Agreement is determined to be for any reason invalid or unenforceable, the remaining provisions shall continue in full force and effect.

ARTICLE II
CESSATION OF PARTICIPATION IN EXECUTIVE DEATH BENEFIT PLAN

2.1 The Company and the Executive mutually agree that as of the Effective Date, the Executive’s participation in the Media General, Inc. Executive Death Benefit Plan, as amended, shall immediately cease.

ARTICLE III
BONUS COMPENSATION

3.1 **Payment of Bonus Compensation.** In addition to any other compensation paid by the Company to the Executive for services rendered, the Company agrees to: (i) remit a Premium to the Insurer, on the Executive’s behalf, at the beginning of any Policy Year in which Premium is payable with respect to the Actual Policy, pursuant to the definition and assumptions described with respect to the Phantom Policy; and (ii) pay the Executive a cash bonus during any Policy Year in which Premium is remitted to the Insurer on the Executive’s behalf, to approximately offset the Executive’s state and federal income taxes associated with such Premium amount and the cash bonus itself (as more specifically described in Section 3.2).

3.2 **Calculation and Payment of Cash Bonus.** The cash bonus due to the Executive for any Policy Year in which Premium is paid, shall be computed in accordance with the following formula:

$$\text{cash bonus} = [\text{Premium amount}/(1-n)] \text{ less } [\text{Premium amount}]$$

For purposes of this Subsection, ‘n’ shall mean the Executive’s marginal federal and state tax rate, expressed as a decimal, which shall be determined by the Company in its sole discretion. For administrative ease, the Company can use a standardized tax rate for any Executive participating in similar arrangements. Such cash bonus shall be payable to the Executive on or before December 31 of

the Policy Year in which the Premium is remitted to the Insurer and taxable to the Executive. The Company's obligation to pay the cash bonus shall be fixed and certain at the time the Premium is remitted to the Insurer and shall not be abrogated due to the Executive's subsequent termination of employment.

ARTICLE IV
MISCELLANEOUS

- 4.1 **Term of Agreement.** The term of this Agreement shall coincide with the initial Policy Year. Thereafter, the Agreement shall be renewed automatically from year to year on a Policy Year basis, for so long as the Executive either (i) continues to be employed by the Company as _____, or (ii) is reassigned by the Company to a comparable position with the Company that is at least as favorable to the Executive in terms of benefits, Base Compensation and title as the Executive was receiving and had attained immediately preceding the date on which the Executive was reassigned. If the Executive's employment with the Company in the position or comparable position described above is terminated due to Total Disability, or for any reason on or after attainment of age fifty-five (55) and the completion of at least five (5) years of service with the Company, the term of the Agreement shall automatically extend up to and including the Policy Year in which the Executive attains age sixty-five (65). Notwithstanding the prior language of this Subsection, this Agreement shall automatically terminate, and the Company's obligation to make further payments hereunder shall thereby cease, upon: (i) the Executive's death, (ii) the date the Executive terminates employment if prior to attaining age 55, or termination of employment if after attaining age 55 but prior to completing five (5) years of service with the Company, (iii) the date the Executive executes a policy withdrawal, surrender, partial surrender or loan, (iv) the date the Executive is terminated for Cause, and/or (iv) the date the Executive violates the Non-Compete Requirement.
- 4.2 **Administration.** The Company shall be responsible for monitoring any changes in the Executive's Base Compensation or Targeted Incentive Bonus and for coordinating any adjustment in the death benefit of the Actual Policy, with the Insurer, in order to provide the proper death benefit. In the event the Insurer requires medical information with respect to the Executive in order to increase the death benefit of the Actual Policy, the Company shall notify the Executive that such additional information is necessary.

4.3 **Miscellaneous.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Insert Name
Insert Address

If to the Company:

Media General, Inc.
333 E. Franklin Street, Richmond, VA 23219
ATTN: Corporate Human Resources Department

or to such other addresses as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

COMPANY

By:

Its:

EXECUTIVE

COMPANY SPLIT-DOLLAR INSURANCE AGREEMENT

This AGREEMENT is dated as of March 19, 1999 between the J. STEWART BRYAN, III 1999 IRREVOCABLE TRUST (the "Trust") and MEDIA GENERAL, INC. (the "Company").

RECITALS OF THE PARTIES

A. J. Stewart Bryan, III (the "Employee") is and has for some time been a valued executive employee and officer of the Company. The Company desires that the Employee remain in the employ of the Company. The Company, as an inducement to such continued employment, has agreed to assist the Employee's family with respect to insurance on the Employee's life. The Trust was created by the Employee as of March 19, 1999 for the principal benefit of the Employee's family.

B. The Trust shall be the owner of certain life insurance policies issued by carriers (the "Insurers") on the Employee's life. Once issued, such policies shall be listed on a schedule that shall be attached to this agreement. This agreement relates to such policies and any and all supplementary contracts or coverages issued in connection therewith (collectively the "Policies"). The Company has advised the Employee that the lower of the "P.S. 58" rates or the Insurers' own rates for one-year term insurance may be taxable as income to him to the extent the Trust does not annually pay for this economic benefit and that the split-dollar arrangement may have other tax consequences.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Payment of Premiums. Except for the premiums (or portions thereof) or other amounts that are paid by or on behalf of the Trust in the Trust's sole discretion, all remaining scheduled premiums (and other amounts, if any) hereafter payable on or under the Policies shall be paid by the Company as they become due and shall be repayable to the Company as provided in this agreement. The amounts to be paid by or on behalf of the Trust may be paid either directly to the Insurers or to the Company as payment or reimbursement for the Company's payments on behalf of the Trust. The Trust may repay to the Company in whole or in part at any time amounts previously paid by the Company as its share of the premiums.

2. Collateral Assignments. In order to secure repayment of the share of the payments made by the Company pursuant to this agreement, the Trust shall execute collateral assignments of the Policies in favor of the Company, which collateral assignments shall be in the form provided by the Insurers or by counsel to the Company and shall not be altered or changed without the consent of the Company. Notwithstanding the terms of the collateral assignments, the Company shall not assign its security interest in any Policy except with the written consent of the Trust, shall not have the right to surrender or cause to be surrendered any Policy for its cash value or for cancellation, shall have no right to force the Trust to borrow against or surrender any Policy, and shall have no incidents of ownership in any Policy under section 2042 of the Internal Revenue Code. Except as otherwise specifically provided herein, all other rights in the Policies and all incidents of ownership under section 2042 of the Internal Revenue Code, including the following specific rights, are reserved by and vested in the Trust and shall be excluded from any collateral assignment. The rights reserved by the Trust include the right to change the owner of the Policies, the right to change the beneficiaries of the Policies, the right to assign the Policies or any remaining interest in them, the right to surrender or cancel the Policies, and the right to

pledge the Policies for loans or to obtain from the Insurers loans against the Policies, subject in each case to the rights of the Company under the collateral assignments.

3. Death Benefits. At the Employee's death, the Company shall be entitled to receive out of the death benefits under the Policies an amount equal to (a) the Company's share of all premium payments (and other amounts, if any) paid by the Company pursuant to this agreement, less (b) any repayments thereof previously made by the Trust. The balance of the death benefits under the Policies shall be paid to the Trust.

4. Use of Dividends. All policy dividends, if any, shall be applied to purchase additional paid-up insurance on the Employee's life unless otherwise mutually agreed by the Trust and the Company.

5. Termination of Agreement. This agreement may be terminated by the Trust at any time by giving written notice thereof to the Company. In the event of such termination and unless otherwise mutually agreed, the Trust shall, within thirty days, repay to the Company an amount equal to the Company's share of all premium payments (and other amounts, if any) paid by the Company pursuant to this agreement, less any repayments thereof made by the Trust. Upon receipt of such amount, the Company shall release any collateral assignments of the Policies made in its favor.

6. The Insurers. The Insurers shall not be deemed parties to this agreement and shall not be obligated to inquire into the disposition of the proceeds payable under the Policies. The Insurers shall be fully discharged from any and all liability upon payment or performance of their obligations under the Policies. The Insurers shall be entitled to rely upon the certification of any officer of the Company as to its interest in the Policies and the amounts it is entitled to receive under this agreement.

7. Effect of Agreement. This agreement shall be binding on and inure to the respective benefit of the parties, their successors, and assigns. The parties intend by this agreement to create a split-dollar arrangement as described in Revenue Ruling 64-328, and all provisions of this agreement shall be so construed. In the event the Trust transfers its interest in the Policies to another trust or anyone else, the term "Trust" shall be deemed to refer to the transferee where appropriate. Certain pronouns and other terms are expressed in one number and gender, but where appropriate to the context these terms shall be deemed to include the other number and genders.

WITNESS the following signatures.

J. STEWART BRYAN, III 1999
IRREVOCABLE TRUST U/A dated
March 19, 1999

By /s/ R. CARTER SCOTT, III
R. CARTER SCOTT, III, Trustee

MEDIA GENERAL, INC.

By /s/ MARSHALL N. MORTON
Its Chief Financial Officer

**THIRD AMENDED AND RESTATED
SHAREHOLDERS' AGREEMENT**

Media General, Inc.

MediaNews Group, Inc.

Denver Newspapers, Inc.

June 30, 1999

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**THIRD AMENDED AND RESTATED
SHAREHOLDERS' AGREEMENT**

This Third Amended and Restated Shareholders' Agreement (this "Agreement") is made as of this 30th day of June, 1999, by and among Media General, Inc., a Virginia corporation ("Media General"), MediaNews Group, Inc., a Delaware corporation ("ANI"), and Denver Newspapers, Inc., a Delaware corporation (the "Company"), amending and restating the Second Amended and Restated Stock and Warrant Purchase and Shareholders' Agreement, dated May 20, 1994 (the "Second Shareholders' Agreement"), among Media General, ANI and the Company. (Media General, ANI and the Company are sometimes collectively referred to herein as the "Parties", and Media General and ANI are sometimes individually referred to herein as a "Shareholder" and collectively as the "Shareholders" and the holders of the Class A Common Stock (as hereafter defined) (other than those to whom shares of Class A Common Stock are Transferred (as defined below) pursuant to Section 1.03(e)) are sometimes individually referred to herein as a "Class A Shareholder" and collectively as the "Class A Shareholders"). Following the Contribution (as defined below), Garden State Newspapers, Inc., a Delaware corporation ("Garden State"), will succeed to ANI's rights and obligations hereunder and all references to ANI herein will be deemed to be references to Garden State (unless the context requires otherwise).

WHEREAS, pursuant to that certain Stock Purchase Agreement, dated as of June 30, 1999 (the "Stock Purchase Agreement"), between Media General and ANI, Media General will sell to ANI and ANI will purchase from Media General, twenty (20) shares of Class A common stock, par value \$1.00 per share, of the Company (the "Class A Common Stock")

owned by Media General, which, in accordance with the Second Amended and Restated Certificate of Incorporation of the Company, will immediately be converted, on a share for share basis, into shares of Class B common stock, par value \$1.00 per share, of the Company (“Class B Common Stock”);

WHEREAS, Media General will continue to own twenty (20) shares of Class A Common Stock, which shares will comprise all of the remaining issued and outstanding shares of Class A Common Stock of the Company on such date (the Class A Common Stock and the Class B Common Stock are sometimes collectively referred to herein as the “Common Stock”);

WHEREAS, concurrently with the closing under the Stock Purchase Agreement (the “Closing”), the Shareholders amended and restated the Second Amended and Restated Certificate of Incorporation of the Company (as so amended and restated and as may be further amended and restated from time to time, the “Certificate of Incorporation”), and amended and restated the Restated Bylaws of the Company (as so amended and restated and as may be further amended and restated from time to time, the “Bylaws”);

WHEREAS, it is contemplated that ANI will Transfer (as defined below) its shares of Common Stock to Garden State, a wholly-owned subsidiary of ANI (the “Contribution”), whereupon Garden State will succeed to ANI’s rights and obligations hereunder, and that subsequent to such Transfer Garden State will merge with ANI (the “ANI Merger”);

WHEREAS, as soon after the Closing as is practicable, it is contemplated that The Denver Post Corporation, a Colorado corporation and a wholly-owned subsidiary of the Company (“The Denver Post”), will merge with and into the Company, with the Company being the surviving corporation;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, ANI, Media General and the Company are entering into a Tax Sharing Agreement (the “Tax Sharing Agreement”); and

WHEREAS, in consideration of the consummation of the transactions contemplated by the Stock Purchase Agreement, ANI, Media General and the Company wish to amend and restate the Second Shareholders’ Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties hereto mutually agree to amend and restate the Second Shareholders’ Agreement to read in full as set forth herein:

1. SALE OR TRANSFER OF STOCK

1.01 Additional Securities. The Parties hereby agree that, except as provided in the Registration Rights, attached as Exhibit A to this Agreement (the “Registration Rights”), and other than for (i) the issuance of shares of Class B Common Stock solely in exchange for Class A Common Stock, on a share for share basis, as authorized by the Certificate of Incorporation, and (ii) the issuance of securities or obligations authorized by the Board of Directors of the Company in the manner provided by Section 6.03(b) hereof, the Company shall not hereafter issue or create and shall not permit any subsidiary of the Company to issue or create, equity securities of the Company or any subsidiary or securities convertible into equity securities of the Company or any subsidiary, or incur any obligation to issue additional equity securities or securities convertible into equity securities of the Company or any subsidiary of the Company.

1.02 Restrictions. No Shareholder shall sell, transfer, assign, pledge, give away or otherwise dispose of, alienate, or encumber in any manner any interest in any shares of any class, now or hereafter authorized of the Common Stock (each, a “Transfer”) owned from time to

time by such Shareholder except (i) with the prior written consent of the other Parties, which may be granted or withheld in the sole and absolute discretion of such other Parties, or (ii) as authorized by Section 1.03 hereof. Any attempt to Transfer any of shares of Common Stock in violation of this Agreement shall be void and of no effect and shall not be recognized or recorded in the stock transfer books of the Company.

1.03 Permitted Transfers. The following Transfers of shares of Common Stock are permitted:

(a) ANI may Transfer shares of Common Stock to Garden State and Garden State may transfer shares of Common Stock to MediaNews Group, Inc. in the ANI Merger.

(b) Media General may Transfer shares of Common Stock to any business entity controlled (directly or indirectly) by Media General or the D. Tennant Bryan Media General Trust or any beneficiaries thereof.

(c) ANI may Transfer shares of Common Stock to Media General and Media General may Transfer shares of Common Stock to ANI.

(d) Subject to its having complied with the provisions of Article 3 hereof (to the extent applicable), any Shareholder may Transfer shares of Common Stock to third parties (other than in public offerings or pursuant to Rule 144 under the Securities Act (as defined below)).

(e) Subject to its having complied with the provisions of Article 2 hereof, any Class A Shareholder may Transfer shares of Common Stock to third parties in a public offering registered under the Securities Act of 1933, as amended (the "Securities Act"), or

(following an initial public offering by the Company) pursuant to Rule 144 under the Securities Act.

(f) ANI may Transfer shares of Common Stock to third parties in a public offering registered under the Securities Act, or (following an initial public offering by the Company) pursuant to Rule 144 under the Securities Act.

(g) ANI may pledge and grant security interests, liens and other encumbrances on shares of the Common Stock in order to secure the obligations of itself and its affiliates (including the Company and its subsidiaries) under and in respect of indebtedness of ANI and its affiliates (including the Company and its subsidiaries) to unaffiliated third party bank lenders (“Bank Lenders”) and agreements and instruments governing such indebtedness with such Bank Lenders (“Bank Documents”). In the event the Bank Lenders of such debt (or their agents) foreclose on such shares (or otherwise acquires such shares pursuant to the exercise of its remedies under the Bank Documents), they (and all of their subsequent transferees) shall take such shares free of the terms, conditions and restrictions (as well as any options and rights) set forth in this Agreement, but, notwithstanding Section 1.05 hereof, and without limitation of ANI’s right to assign its rights thereunder, ANI shall continue to be bound by its obligations under Sections 4.01,4.02, 4.05, 4.06 and 4.07 of this Agreement.

1.04 Transferees Bound. All transferees of shares of Common Stock permitted by Section 1.03 (other than a Transfer permitted by Sections 1.03(e), 1.03(f) or 1.03(g)) shall take such shares subject to all of the terms, conditions and restrictions set forth in this Agreement, and shall be entitled to such rights and benefits under this Agreement as its transferor shall have transferred to it, provided that in the case of a Transfer by Media General (or any other Class A Shareholder) (x) to a transferee other than ANI and its affiliates (or other than as

permitted pursuant to Section 1.03(e)), the Call Option and the Put Option (each as defined in Article 4 below) shall under all circumstances bind the transferees or (y) to ANI and its affiliates, the rights, benefits and obligations hereunder in respect of such shares shall not be retained by Media General (or such Class A Shareholder) and (ii) it shall be a condition to the effectiveness of each such Transfer that the transferee execute an instrument in form and substance reasonably satisfactory to the Shareholders by which it agrees to become a party to this Agreement (and be bound by such terms, conditions and restrictions as if it were the transferring Shareholder). Any right or benefit afforded Class A Shareholders hereunder will not extend to Class A Shareholders who receive their shares in a Transfer described in Section 1.03(e). Transferees in Transfers permitted by Section 1.03(e), 1.03(f) or 1.03(g) shall take such shares of Common Stock free of the terms, conditions and restrictions set forth in this Agreement. In the event that a third-party holder of shares of Common Stock shall become a party hereto, the Parties shall amend this Agreement so that the terms, conditions and restrictions set forth herein apply to the new party mutatis mutandis.

1.05 Termination of Restrictions. The rights, obligations and restrictions of this Agreement shall terminate as to any Shareholder at such time as such Shareholder no longer holds any Common Stock; provided, that (x) such Shareholder shall not be released from (and shall remain responsible for) all obligations accrued and any liability in respect of any breach of this Agreement occurring prior to such time, (y) indemnification rights and obligations in respect of the Registration Rights will survive in respect of registrations theretofore effected and (z) without limitation of ANI's right to assign its rights thereunder, ANI shall not be released from its obligations under Sections 4.01, 4.02, 4.05, 4.06 and 4.07 of this Agreement if it ceases to be a Shareholder.

2. ANI'S AND THE COMPANY'S RIGHT OF FIRST PURCHASE IN CONNECTION WITH PROPOSED PUBLIC OFFERINGS AND RULE 144 SALES BY CLASS A SHAREHOLDERS

2.01 Proposed Public Offerings by Class A Shareholders. If a Class A Shareholders desires to sell any of its Common Stock in a public offering to be registered under the Securities Act (a "Public Offering Shareholder"), it shall deliver to ANI and the Company written notice of such desire (a "Notice of Proposed Public Offering"), describing the Common Stock proposed to be sold in such offering (the "Publicly Offered Shares"), the proposed effective date, and the proposed price per share of such public offering (the "Proposed Offering Price"). The Notice of Proposed Public Offering shall constitute an option for first ANI and then the Company, to purchase all, but not less than all, of the Publicly Offered Shares at the Proposed Offering Price, payable in cash. Exercise of such option shall be made by ANI or the Company, as the case may be, giving written notice of such exercise (the "Public Offering Exercise Notice") to the Public Offering Shareholder not more than thirty (30) days after receipt of the Notice of Proposed Public Offering. Such Public Offering Exercise Notice shall set forth a closing date, which shall be not less than ten (10) nor more than ninety (90) days after the date of the Public Offering Exercise Notice. If no Public Offering Exercise Notice is timely given or the Public Offering Exercise Notice is given with respect to less than all of the Publicly Offered Shares to which the Notice of Proposed Public Offering relates, the Public Offering Shareholder may, at any time within six months immediately following the later of (i) the date the registration statement in respect of such public offering is declared effective by the Securities and Exchange Commission (the "SEC") or (ii) the expiration of the period during which the Public Offering Exercise Notice could be given (or such prior date as ANI and the Company shall in writing advise the Public Offering Shareholder of their election not to exercise the right of first purchase

set forth in this Section 2.01), sell the Publicly Offered Shares in a public offering registered under the Securities Act; provided, however, that (y) any such public offering shall be at a price per share or other unit not less than 90% of the Proposed Offering Price, and (z) if such price (the “Public Offering Revised Price”) shall be less than 90% of the Proposed Offering Price, then the Public Offering Shareholder shall deliver to ANI and the Company written notice of such Public Offering Revised Price (the “Notice of Public Offering Revised Price”), the Public Offering Shareholder shall not sell the Publicly Offered Shares until the 10-day period described in the next sentence has expired (without ANI having exercised the option described in the next sentence), and this proviso shall apply to any such sale (for which purpose the Proposed Offering Price shall be the Public Offering Revised Price). The Notice of Public Offering Revised Price shall constitute an option for first ANI and then the Company, to purchase all, but not less than all, of the Publicly Offered Shares subject to such Notice of Proposed Public Offering at a price equal to 110% of the Public Offering Revised Price, payable in cash, which option may be exercised only during the 10-day period beginning on the day after receipt by ANI and the Company of the Notice of Public Offering Revised Price from the Public Offering Shareholder.

2.02 Proposed Rule 144 Sales by the Class A Shareholders. If following an initial public offering by the Company, a Class A Shareholder desires to sell any of its Common Stock pursuant to Rule 144 under the Securities Act (a “144 Shareholder”), it shall deliver to ANI and the Company written notice of such desire (a “Notice of Proposed 144 Sale”), describing the Common Stock proposed to be sold in such offering (the “Offered 144 Shares”) and the proposed purchase price per share of the Offered 144 Shares (the “Proposed Sale Price”). The Notice of Proposed 144 Sale shall constitute an option for first ANI and then the Company, to purchase all, but not less than all, of the Offered 144 Shares at the Proposed Sale Price,

payable in cash. Exercise of such option shall be made by ANI or the Company, as the case may be, giving written notice of such exercise (the "144 Exercise Notice") to the 144 Shareholder not more than thirty (30) days after receipt of the Notice of Proposed 144 Sale. Such 144 Exercise Notice shall set forth a closing date, which shall be not less than ten (10) nor more than ninety (90) days after the date of the 144 Exercise Notice. If no 144 Exercise Notice is timely given or the 144 Exercise Notice is given with respect to less than all of the Offered 144 Shares to which the 144 Exercise Notice relates, the 144 Shareholder may, at any time within thirty (30) days immediately following the expiration of the period during which the 144 Exercise Notice could be given (or such prior date as ANI and the Company shall in writing advise the 144 Shareholder of their election not to exercise the right of first purchase set forth in this Section 2.02), sell the Offered 144 Shares pursuant to Rule 144; provided, however, that (y) any such sale shall be for a price per share or other unit not less than 90% of the Proposed Sale Price, and (z) if such price (the "144 Revised Price") shall be less than 90% of the Proposed Sale Price, then the 144 Shareholder shall deliver to ANI and the Company written notice of such 144 Revised Price (the "Notice of 144 Revised Price"), the 144 Shareholder shall not sell the Offered 144 Shares until the 10-day period described in the next sentence has expired (without ANI having exercised the option described in the next sentence) and this proviso shall apply to any such sale (for which purpose the Proposed Sale Price shall be the 144 Revised Price). The Notice of 144 Revised Price shall constitute an option for first ANI and then the Company, to purchase all, but not less than all, of the Offered 144 Shares subject to such Notice of Proposed 144 Sale at a price equal to 110% of the 144 Revised Price, payable in cash, which option may be exercised only during the

10-day period beginning on the day after receipt by ANI and the Company of the Notice of 144 Revised Price from the 144 Shareholder.

3. SHAREHOLDER'S OPTION TO PURCHASE COMMON STOCK; DRAG-ALONG AND TAG-ALONG RIGHTS

3.01 Option to Purchase. Except as otherwise expressly authorized pursuant to Section 1.03, should any Shareholder desire to Transfer all or any part of such Shareholder's Common Stock (in such context, the "Selling Shareholder") to a third-party transferee, whether the Selling Shareholder desires to initiate a disposition or is responding affirmatively to an offer to purchase, before doing so the Selling Shareholder shall first permit ANI (in the case of a Transfer by Class A Shareholders) or the Class A Shareholders (in the case of a Transfer by ANI) (in such context, the "Remaining Shareholders") to exercise a first option to purchase (the "First Purchase Option") the shares of Common Stock which the Selling Shareholder desires to Transfer, in accordance with the provisions of this Article 3. Nothing in this Agreement shall be deemed to restrict or prohibit a Shareholder from soliciting third parties to purchase its Common Stock prior to offering the same to the Remaining Shareholders, but no sale to a third party may be consummated until such Common Stock has been offered to the Remaining Shareholders in accordance with this Article 3 and any such sale to a third-party pursuant to this Section 3.01 will be subject to the Tag-Along Rights and (to the extent applicable) Drag-Along Rights described in Sections 3.06 and 3.07. Upon delivery of the First Right of Purchase Notice (as defined below) by a Selling Shareholder other than ANI, ANI's right to exercise its Drag-Along Rights in respect of the shares of Common Stock subject to such First Right of Purchase Notice and any shares of Common Stock in respect of which (in connection with the Transfer described in such First Right of Purchase Notice) any Remaining Shareholder exercises its tag-along rights in accordance with

Section 3.07 (except in respect of a Transfer described in a First Right of Purchase Notice delivered by ANI prior to the delivery of such First Right of Purchase Notice by such Selling Shareholder) shall be stayed until the earlier of (x) the consummation of the Transfer of such shares of Common Stock pursuant to the First Purchase Option or the consummation of the Transfer described in such First Right of Purchase Notice and (y) the expiration of the 90-day period specified in Section 3.05.

3.02 Required Notice.

(a) Upon deciding to Transfer all or any part of its Common Stock, whether the Selling Shareholder desires to initiate a disposition or is responding affirmatively to an offer to purchase, except as otherwise expressly authorized pursuant to Section 1.03, the Selling Shareholder shall simultaneously notify the Company and the Remaining Shareholders in writing of its intended disposition (the "First Right of Purchase Notice"). Such First Right of Purchase Notices shall be given as provided in Section 8.02 of this Agreement.

(b) Such First Right of Purchase Notices shall contain a complete description of the proposed transaction including (i) the identity of the proposed transferee, (ii) the purchase price offered (provided, however, that if the purchase offer is a non-cash offer (in whole or in part) (a "Non-Cash Offer"), instead of the purchase price, such First Right of Purchase Notices shall instruct the Remaining Shareholders to contact the Selling Shareholder for purposes of determining the present cash value of the Non-Cash Offer in accordance with Section 3.04) (the cash purchase price of Common Stock or the present cash value of Common Stock offered in a Non-Cash Offer is referred to hereinafter as the "Purchase Price"), and (iii) all other material terms of such transaction. Such First Right of Purchase Notices shall also specify whether the Selling Shareholder is only willing to sell all of its shares of Common Stock, or is

willing to sell only a portion thereof, and such specifications shall control the scope of any option to purchase such shares thereunder.

3.03 Exercise and Scope of Exercise. Upon receipt of a First Right of Purchase Notice from a Selling Shareholder pursuant to Section 3.02, the Remaining Shareholders shall thereupon have the First Purchase Option with respect to all, but not less than all, of the shares Common Stock offered at the Purchase Price. In the event that more than one Remaining Shareholder exercises the First Purchase Option, each Remaining Shareholder exercising the First Purchase Option shall be deemed to have exercised the First Purchase Option in respect of a pro rata portion of the shares subject to such First Purchase Option (calculated based upon the number of shares of Common Stock each Remaining Shareholder desires to purchase pursuant to the First Purchase Option). Except in the case of a Non-Cash Offer, the First Purchase Option must be exercised by the Remaining Shareholders within thirty (30) days after receipt of the First Right of Purchase Notice delivered pursuant to Section 3.02. Any such exercise of a First Purchase Option by the Remaining Shareholders shall be made within such 30-day period by written notice to the Selling Shareholder, with copy to the Company, given as provided in Section 8.02 of this Agreement. In the case of a Non-Cash Offer, the First Purchase Option shall be exercised as set forth in Section 3.04(e).

3.04 Bona Fide Non-Cash Third Party Offers.

(a) Upon receipt of a First Right of Purchase Notice which indicates that the Selling Shareholder has decided to Transfer all or any part of its Common Stock pursuant to a Non-Cash Offer for such shares of Common Stock, the Remaining Shareholders and the Selling Shareholder shall promptly consult to determine the present cash value of such Non-Cash Offer.

(b) If within 30 days of receipt by the Remaining Shareholders of such First Right of Purchase Notice, the Selling Shareholder and the Remaining Shareholders cannot agree on the present cash value of such Non-Cash Offer, then within forty-five (45) days of receipt by the Remaining Shareholders of such First Right of Purchase Notice, each of the Selling Shareholder and the Remaining Shareholders shall appoint one qualified independent appraiser knowledgeable in the appropriate industry to determine the present cash value of the Non-Cash Offer. If either the Selling Shareholder or the Remaining Shareholders fail to appoint an appraiser within such 45-day period, then its right to do so shall lapse, and the appraisal made by the one independent appraiser which is timely appointed shall be conclusive.

(c) If the two appraisers make appraisals of the present cash value of the Non-Cash Offer, and the higher appraisal does not exceed 110% of the lower appraisal, the present cash value of the Non-Cash Offer shall be average of such two appraisals. If the two appraisals are further apart than 10%, the first two appraisers will select a third qualified independent appraiser knowledgeable in the appropriate industry within fifteen (15) business days of the date on which the second appraisal is delivered to the Selling Shareholder and the Remaining Shareholders. In such case, the cash value of the Non-Cash Offer will be deemed to be the average of the appraisal delivered by such third appraiser and the one of the first two appraisals which is closer to such third appraisal. If the first two appraisals are equidistant from the third appraisal, the third appraisal shall be final, conclusive and binding on the Parties.

(d) Each appraiser appointed pursuant to this Article 3 shall deliver its appraisal in writing to the Selling Shareholder and the Remaining Shareholders concurrently within thirty (30) days of its appointment. Each of the Parties hereto and the Company agrees that it will use its best efforts to provide each appraiser with such information as such appraiser

may reasonably require in order to complete its appraisal within such 30-day period. The Selling Shareholder shall pay the fee of the appraiser selected by it, and the Remaining Shareholders shall pay the fee of the appraiser selected by it. The fee of any third appraiser shall be divided equally between the Selling Shareholder and the Remaining Shareholders.

(e) In the case of a Non-Cash Offer, the First Purchase Option must be exercised by the Remaining Shareholders within twenty (20) days after the date on which the later, in the case of two appraisals, or the last, in the case of three appraisals, is delivered to the Selling Shareholder and the Remaining Shareholders pursuant to Section 3.04(d). Any such exercise of a First Purchase Option by the Remaining Shareholders shall be made within such twenty (20) day period by written notice to the Selling Shareholder, with copy to the Company, given as provided in Section 8.02 of this Agreement.

3.05 Failure To Exercise. If the Remaining Shareholders fail to exercise their First Purchase Options within the period specified in Sections 3.03 or 3.04(e) (the "Exercise Period"), then, subject to Sections 3.06 and 3.07, the Selling Shareholder shall be free to Transfer the shares of Common Stock specified in the First Right of Purchase Notice within a 90-day period after the expiration of the Exercise Period; provided, that (i) the purchase price for such Transfer is at least equal to (and in the same form as) the Purchase Price at which the First Purchase Option was offered to the Remaining Shareholders; (ii) the proposed transferee is the same transferee specified in the First Right of Purchase Notice; and (iii) the other terms and conditions of such Transfer are equivalent to the remaining terms and conditions that were specified in the First Right of Purchase Notice. If the Common Stock is not disposed of within such 90-day period, then the Selling Shareholders' rights to Transfer shares of Common Stock under this Section 3.05 shall lapse, and the Selling Shareholder must thereafter offer to the

Remaining Shareholders another First Purchase Option if it subsequently wishes to so Transfer its shares. For purposes of this Section 3.05, a sale shall be deemed made when closing has occurred, and the transfer agent has been requested to record the transfer of Common Stock in the stock transfer records of the Company.

3.06 Drag-Along Rights.

(a) If the Selling Shareholder is ANI and ANI intends to dispose of shares of Common Stock constituting not less than 50% of the outstanding Common Stock in a Transfer to which Section 3.01 applies to a bona fide third party transferee that is not an Affiliate of ANI, and (i) the Put Option (as defined below) is not and has not previously been exercised prior to the date on which such Class A Shareholder receives a First Right of Purchase Notice in accordance with Section 3.02, (ii) the First Purchase Option has not been exercised in respect of such First Right of Purchase Notice and (iii) no stay provided for by the last sentence of Section 3.01 is in effect, then ANI shall have the option to require each Class A Shareholder that does not exercise Tag-Along Rights set forth in Section 3.07 with respect to all of its shares of Common Stock (a “Draggable Shareholder”) to Transfer all of its shares of Common Stock to the proposed transferee specified in such First Right of Purchase Notice on the same terms and conditions described therein (the “Drag-Along Rights”) in connection with the proposed Transfer by ANI of its shares of Common Stock to such transferee. In connection with such Transfer, no Draggable Shareholder (x) shall be required to give any representations or warranties or indemnities other than with respect to itself, its title to the Common Stock and the transfer of such title to the transferee free and clear of all security interests, encumbrances, claims, liens or charges of any kind, other than those created by or through Buyer or its affiliates (“Liens”) (this sentence not being intended to limit a Draggable Shareholder’s responsibility for any Purchase Price

adjustment or its participation in escrow arrangements), (y) be required to Transfer a greater percentage of the Common Stock held by it than the lowest percentage of Common Stock held that is Transferred by ANI and any other Draggable Shareholder (assuming that all of the Draggable Shareholders comply with their obligations under this Section 3.06) or (z) be required to Transfer any of its shares of Common Stock pursuant to ANI's exercise of such Drag-Along Right later than six (6) months after delivery of the Drag-Along Notice required by Section 3.06(b).

(b) Upon deciding to exercise the Drag-Along Rights, ANI shall simultaneously notify the Company and each other Shareholder in writing of its intended exercise (the "Drag-Along Notices"). Such Drag-Along Notices shall be given as provided in Section 8.02 of this Agreement.

3.07 Tag-Along Rights.

(a) Except as otherwise expressly authorized pursuant to Section 1.03, no Selling Shareholder shall, in any one transaction or series of transactions, directly or indirectly, Transfer shares of Common Stock unless the terms and conditions of such Transfer include an offer to the Remaining Shareholders (in such context, the "Tag-Along Offerees") to include in the Transfer to such third party, at the option of each Tag-Along Offeree, such number of shares of Common Stock owned by such Tag-Along Offeree at the time of such Transfer as determined in accordance with this Section 3.07 on the same terms and conditions (including without limitation, the proposed Purchase Price and date of Transfer) as are available to the Selling Shareholder (the "Tag-Along Rights").

(b) The Tag-Along Offerees shall be entitled to include in the contemplated Transfer, at the same price and on the same terms as available to the Selling

Shareholder, a number of shares of Common Stock (the “Proportionate Tag-Along Shares”) up to the product of (i) the quotient determined by dividing the number of shares of Common Stock to be transferred by the Selling Shareholder to the third party by the aggregate number of shares of Common Stock owned by the Selling Shareholder and (ii) the aggregate number of shares of Common Stock owned by the Tag-Along Offeree.

(c) A Tag-Along Offeree may exercise its Tag-Along Rights by delivering written notice of such exercise (the “Tag-Along Exercise Notice”) to the Selling Shareholder, by the expiration of the applicable Exercise Period in respect of such Transfer.

(d) In the event that the number of shares of Common Stock proposed to be Transferred by the Selling Shareholder, plus the proportionate number of shares of Common Stock proposed to be transferred by the Tag-Along Offerees (the “Total Transferred Shares”), exceeds the maximum number of shares of Common Stock that the third party is willing to purchase or otherwise acquire, then the number of shares of Common Stock to be Transferred by the Selling Shareholder and each Tag-Along Offeree, respectively, shall be reduced by equal percentages until the number of Total Transferred Shares equals the maximum number of shares of Common Stock that the third party is willing to purchase or otherwise acquire; provided that if such allocation would result in any such Tag-Along Offeree selling or disposing of less than the minimum number of shares of Common Stock as set forth in such Tag-Along Offeree’s Tag-Along Exercise Notice, such Tag-Along Exercise Notice shall be revoked and the shares of Common Stock which such Tag-Along Offeree would otherwise have been entitled to sell or dispose of to the Third Party shall be allocated among the Selling Shareholder and the other Tag-Along Offerees who have given Tag-Along Exercise Notices pro rata (based

on the number of shares of Common Stock they would otherwise have Transferred). All calculations pursuant to this Section 3.07 shall exclude and ignore any unissued shares of Common Stock of the Company issuable pursuant to stock options, warrants and other rights to acquire shares of Common Stock.

(e) Each of the Selling Shareholder and the proposed transferee shall have the right, in its sole discretion, at all times prior to the consummation of the proposed Transfer giving rise to the Drag-Along Rights and Tag-Along Rights set forth in Section 3.06 and this Section 3.07, to abandon, rescind, annul, withdraw or otherwise terminate such Transfer whereupon all Drag-Along Rights and Tag-Along Rights in respect of such Transfer shall become null and void, and neither the Selling Shareholder nor the third party shall have any liability or obligations to the Draggable Shareholders and Tag-Along Offerees with respect thereto by virtue of such abandonment, rescission, annulment, withdrawal or termination.

3.08 Payment of Purchase Price and Closing of the Transfer of Shares of Common Stock.

(a) Payment for the shares of Common Stock Transferred pursuant to this Article 3 shall be made in one of the following ways: (i) subject to clause (iii) below, if the Remaining Shareholder exercises its First Purchase Option, the Remaining Shareholders shall match the same price and payment terms offered by the proposed third-party transferee (provided, that any non-cash consideration shall be paid in cash at the present cash value determined pursuant to Section 3.04); or (ii) if a third-party transferee (other than another Shareholder) purchases the Remaining Shareholder's shares of Common Stock pursuant to Section 3.06 or 3.07, such transferee shall match the same price (including the form of the consideration) and payment terms offered to the Selling Shareholder; or (iii) if Media General

purchases ANI's shares of Common Stock, Media General may deliver shares of the publicly traded common stock of Media General (valued at the average of the publicly traded closing price for the twenty (20) trading days immediately preceding the date of delivery) or by a combination thereof in payment of the Purchase Price (in which case Media General and ANI shall enter into a registration rights agreement reasonably acceptable to each of them providing ANI with registration rights in respect of such shares comparable to the Registration Rights).

(b) The closing of a sale of shares of Common Stock to the Remaining Shareholders pursuant to Section 3.01 shall occur on a date mutually selected by the Selling Shareholder and the Remaining Shareholders which date is not less than ten (10) nor more than one hundred twenty (120) days after the date the Selling Shareholder delivers the First Right of Purchase Notice under Section 3.02 of this Agreement.

4. PUT AND CALL OPTIONS

4.01 Put Option. Media General and each other Class A Shareholder shall have an option (the "Put Option") to require ANI to purchase for the Put/Call Purchase Price (as defined below), in the manner set forth below, all, but not less than all, of the shares of Common Stock owned by Media General and the other Class A Shareholders at the time of the exercise of the Put Option. If there is more than one Class A Shareholder, the decision to exercise the Put Option shall be made by Media General in its sole discretion or by such other Class A Shareholder(s) to which Media General shall have assigned such authority (provided that ANI shall have been given written notice of such assignment of authority in accordance with Section 8.02)) (the "Authorized Shareholder").

4.02 Put Option Term. The Authorized Shareholder may deliver to ANI in accordance with Section 8.02 a notice of exercise of the Put Option (the "Put Exercise Notice")

no earlier than the second anniversary and no later than the fifth anniversary of the date hereof. In the event that the Authorized Shareholder has not delivered a Put Exercise Notice to ANI by the fifth anniversary of the date hereof, the Put Option shall expire.

4.03 Call Option. ANI shall have an option (the “Call Option”) to purchase all, but not less than all, of the shares of Common Stock owned by Media General and the other Class A Shareholders at the time of the exercise of the Call Option for the Put/Call Purchase Price.

4.04 Call Option Term. Provided that the Authorized Shareholder has not theretofore delivered a Put Exercise Notice, ANI may deliver to the Class A Shareholders in accordance with Section 8.02 a notice of its exercise of the Call Option (the “Call Exercise Notice”) no earlier than the day after the fifth anniversary of the date hereof and no later than the sixth anniversary of the date hereof.

4.05 Determination of Put/Call Purchase Price.

(a) Within fifteen (15) days of delivery of the Put Exercise Notice or the Call Exercise Notice, Media General (or, in the case of an exercise of the Put Option, the Authorized Shareholder, in each case on behalf of the Class A Shareholders) and ANI shall each select a qualified independent appraiser knowledgeable in the appropriate industry to determine the fair market value of the Company based on its full, private market value (such determination is herein referred to as an “Appraised Fair Market Value”), each of which firms shall determine the Appraised Fair Market Value of the Company within thirty (30) days following its selection. In connection with its determination of Appraised Fair Market Value, each qualified independent appraiser shall deduct the sum of (i) outstanding Permitted Debt (as defined in Section 6.03), plus (ii) any other Debt of the Company (and its subsidiaries) the incurrence of which was

approved by Media General or the Class A Director (as defined in Section 6.02(d)) in accordance with Section 6.03(e), plus (iii) capitalized leases of the Company (and its subsidiaries) (other than capitalized leases entered into in violation of Section 6.03(e)).

(b) If the lower of the two determinations of Appraised Fair Market Value of the Company, as calculated by the two (2) qualified independent appraisers selected by Media General and ANI, is within 20% of the higher, then the “Put/Call Purchase Price” shall be an amount equal to the Fraction (as defined below), multiplied by of the average of such two appraisals, which shall be final, conclusive and binding on the parties. However, if the lower of the appraisals is not within 20% of the higher, then the two previously chosen qualified independent appraisers will, within ten (10) days of the completion of their appraisals, select a third qualified independent appraiser knowledgeable in the appropriate industry to determine the Appraised Fair Market Value of the Company within thirty (30) days of the selection of the third appraiser, and the “Put/Call Purchase Price” shall be an amount equal to the Fraction, multiplied by (x) the average of the two closest of the three appraisals of Appraised Fair Market Value or (y) by the middle Appraised Fair Market Value if it is equidistant from the high and low of the three appraisals, which shall be final, conclusive and binding on the parties. As used herein, “Fraction” shall mean a fraction, the numerator of which is the number of shares of Common Stock to be purchased, and the denominator of which is the number of shares of Common Stock then outstanding.

(c) The Company and the Shareholders shall cooperate with the appraisers in all respects, including providing the appraisers with all financial statements and other information required to complete the appraisals. ANI and the Class A Shareholders shall each bear the cost and expenses of their own appraiser. The fees, expenses and costs of the third

appraisers shall be borne equally by ANI, on the one hand, and the Class A Shareholders, on the other hand.

4.06 Put Option Closing. Within fifteen (15) business days after the final determination of the Put/Call Purchase Price, ANI will pay to the Class A Shareholders by wire transfer of immediately available funds the Put/Call Purchase Price against delivery of the shares of Common Stock to be sold pursuant to the Put Option or the Call Option, as the case may be, (the "Option Shares") free and clear of all Liens (other than this Agreement) but otherwise without representation or warranty or other indemnity, together with stock powers executed in blank with all necessary stock transfer and other documentary stamps attached. Amounts payable to ANI pursuant to Section 7(e) of the Tax Sharing Agreement may be offset against the Put/Call Purchase Price as provided therein. The obligations of the Class A Shareholders to deliver their shares of Common Stock free and clear of all Liens is several and not joint and no default by any such Class A Shareholder shall relieve ANI of its obligation to pay the Put/Call Purchase Price to non-defaulting Class A Shareholders.

4.07 Deferral of the Put Option Closing.

(a) In the event the Class A Shareholders exercise their Put Option pursuant to this Article 4, ANI may elect to defer the closing of the purchase of the Option Shares for up to twelve (12) months from the date on which the closing of such purchase is otherwise required to occur pursuant to Section 4.06 (the "Deferral Period"). During the Deferral Period, the Put/Call Purchase Price shall increase at a rate equal to seven percent (7%) per annum during the first three (3) months of the Deferral Period, nine percent (9%) per annum during the second three (3) months of the Deferral Period, eleven percent (11%) per annum during the third three (3) months of the Deferral Period and thereafter at a rate of thirteen percent (13%) per

annum until the Put/Call Purchase Price has been paid in full (in each case, compounded quarterly).

(b) In the event that the closing of the purchase of the Option Shares as to which the Put Option has been exercised has not occurred by the end of the Deferral Period (other than as a result of a default (including the failure to transfer its shares of Common Stock as provided in Section 4.06) by a Class A Shareholder), ANI's Call Option will terminate in respect of the shares of Common Stock held by all non-defaulting Class A Shareholders, and ANI will be deemed to be in breach of the Put Option of such non-defaulting Class A Shareholders.

5. RESTRICTIVE LEGEND

5.01 Form of legend. All certificates for shares of the Common Stock subject to this Agreement shall bear the legend set forth below:

“Sale, transfer, assignment, pledge, gift or any other disposition, alienation or encumbrance of the shares represented by this certificate is restricted by (and shares represented by this certificate are subject to a right of first purchase and may be subject to certain other rights of purchase by certain persons pursuant to) the terms of a Third Amended and Restated Shareholders' Agreement, dated as of June 30, 1999, among Media General, Inc., MediaNews Group, Inc. and the Company, which may be examined at the principal office of the Company, and such shares may be sold, transferred, assigned, pledged, given or otherwise disposed of, alienated or encumbered only upon compliance with the terms of that Agreement.”

“The shares represented by this certificate have not been registered under the Securities Act of 1993 (the “act”) and may not be offered, sold or otherwise transferred unless and until (i) a registration statement with respect thereto is effective under the Act or (ii) in the opinion of counsel, which opinion is reasonably satisfactory in form and in substance to counsel for the Company, such offer, sale or other transfer is in compliance with the Act and any applicable state securities laws.”

5.02 Removal Of Legend. The first part of the legend set forth in Section 5.01 is intended to ensure compliance with Articles 1, 2, 3 and 4 of this Agreement and shall be removed by the Company, or by the transfer agent and registrar of the Company upon the Company's instructions, from the certificates evidencing any shares of Common Stock upon Transfer of such shares in connection with a public offering or Rule 144 sale by ANI in accordance with Section 1.03(f) or any Class A Shareholder in accordance with Section 1.02(e) or Article 2 or in connection with a foreclosure described in Section 3.03(g).

The second part of the legend set forth in Section 5.01 is intended to ensure compliance with the Securities Act and shall be removed by the Company, or by the transfer agent and registrar of the Company upon the Company's instructions, from the certificates evidencing shares of Common Stock to which either of clause (i) or (ii) of such second part of the legend applies when (a) a registration statement covering the sale of such Common Stock becomes effective under the Securities Act or (b) the Company receives an opinion of counsel satisfactory to the Company that such restrictions are no longer required on the certificates evidencing such Common Stock in order to ensure compliance with the Securities Act.

When the holder of any shares of Common Stock is entitled to have the legend, or any part thereof, set forth in Section 5.01 removed from the certificates evidencing such Common Stock, the Company shall, or shall instruct its transfer agent and registrar to, issue new certificates evidencing such Common Stock in the name of the holder not bearing the legend, or such part thereof, set forth in Section 5.01 hereof.

6. GENERAL COVENANTS

6.01 Applicability Of Covenants. The covenants set forth in this Article 6 are made for the benefit of Media General, as the holder of the Class A Common Stock and, in the

case of Sections 6.02(b), 6.02(c), and 6.02(d)(i), (ii), (iv), (v) and (vi), for the benefit of ANI, as the holder of the Class B Common Stock. Such covenants shall also run in favor of any transferee permitted hereunder of the Common Stock other than any third party transferee (or subsequent transferee) of Common Stock sold in connection with a public offering or Rule 144 sale.

6.02 Affirmative Covenants.

(a) ANI and the Company covenant that they shall immediately inform each Class A Shareholder of any defaults or events of default occurring under any loan agreement or other instrument governing Debt of either of them or of any of their respective direct or indirect subsidiaries, in each case, in excess of \$3,000,000, and shall keep each Class A Shareholder informed as to the status of such defaults or events of default. ANI and the Company shall furnish each Class A Shareholder with copies of all notices and correspondence received or sent by either of them or by any of their respective direct or indirect subsidiaries relating to any such defaults or events of default.

(b) ANI and the Company covenant that on October 1 of each year commencing October 1, 2000 (or the next business day, if such day is not a business day) (each, a "Payment Date") all Available Cash (as defined below) shall be applied to reduce Permitted Debt, with such Available Cash being applied first to Permitted Debt described in clauses (1), (2) and (3) of the definition of Permitted Debt. As used herein, "Available Cash" shall mean in respect of a Payment Date an amount equal to all cash and cash equivalents of the Company and its subsidiaries in excess of \$5,000,000 on such date reduced by (x) amounts payable pursuant to the Tax Sharing Agreement or to state and local tax authorities in respect of taxes relating to the fiscal year prior to such Payment Date and (y) such other amounts as ANI, with the approval of

Media General (not to be unreasonably withheld) determines should be withheld to meet future expenditures (i) pursuant to the Approved Budget or (ii) which otherwise have not been incurred in violation of Section 6.03.

(c) In the event that the Company lacks sufficient working capital to fund operating needs, each Shareholder covenants that it will make capital contributions to the Company to fund such requirements in proportion to its percentage ownership of the Company's Common Stock up to an amount equal to dividends and distributions received by such Shareholder from the Company after the Closing in respect of shares of Common Stock held by such Shareholder at the time the capital contribution is to be made, provided (1) that a transferee of Common Stock pursuant to Sections 1.03(a) or 1.03(b) shall be responsible to make capital contributions pursuant to this paragraph up to an amount equal to dividends and distributions received after the Closing by such Shareholder and all previous holders of such shares in respect of such shares of Common Stock (that were previously transferred to it pursuant to Sections 1.03(a) or 1.03(b)) and (2) that in the event a Shareholder is required to make a capital contribution pursuant to this paragraph that is less than the total dividends and distributions paid after the Closing in respect of the shares of Common Stock held by it at such time (as a consequence of having acquired its shares after the Closing), the capital contributions required to be made by the other Shareholders pursuant to this paragraph will be reduced such that the capital contributions made by all Shareholders are in proportion to the shares of Common Stock held by them at such time.

(d) The Company and the Shareholders hereby covenant and agree as follows:

- (i) The Shareholders at any annual meeting of stockholders of the Company or any special meeting at which directors are to be elected (or in any written consent in lieu of any such meeting), will cast or cause to be cast all their votes of Common Stock so as to cause the election of one (1) director to be selected by the holders of Class A Common Stock (the “Class A Director”) and four (4) directors to be selected by the holders of Class B Common Stock (the “Class B Directors”), in each case in the manner provided in the Certificate of Incorporation and Bylaws, for a total of five (5) directors (which shall constitute the entire Board of Directors of the Company). Media General (so long as it is a Shareholder) shall have the right to have up to two of its officers or employees attend all meetings of the Board of Directors of the Company as observers.
- (ii) If a vacancy with respect to the Class A Director or a Class B Director should be created on the Board of Directors of the Company for any reason, including, but not limited to, the death, disability, resignation or removal of such director, such vacancy will promptly be filled by the holders of Class A Common Stock, with respect to the Class A Director, or the holders of Class B Common Stock, with respect to the Class B Director, as the case may be, at a special meeting called for that purpose (or by a written consent in lieu of such meeting), and at such special meeting (or by such consent), the Shareholders shall cast or cause to be cast all of their votes in favor of the replacement director selected by the Common Shareholders who previously selected the director whose death, resignation, etc. created the vacancy. No person who, directly or indirectly, as an employee, director, consultant, or in any other capacity, is engaged in any newspaper publishing business which is in direct competition with any newspaper published by the Company or any of its subsidiaries shall be a director of the Company or any of its subsidiaries or one of Media General’s observers.
- (iii) The Class A Director shall be (x) a member of each committee designated by the Board of Directors, (y) a director of each subsidiary of the Company and (z) entitled to access to the Company’s outside auditors in the absence

of the designation by the Board of Directors of an audit committee.

- (iv) A majority of the entire Board of Directors of the Company or any of its subsidiaries shall constitute a quorum for the transaction of business or of any specified item of business; provided, however, that the presence of the Class A Director shall be necessary to constitute a quorum at any meeting of any such Board of Directors as to which any action to be taken (y) was not described with reasonable specificity as being part of the agenda in the formal written notice of such meeting or (z) is required to be approved by the Class A Director pursuant to Section 6.03.
 - (v) All directors shall be entitled to attend meetings of the Board of Directors of the Company and its subsidiaries and committees thereof by telephone.
 - (vi) Each subsidiary of the Company shall have five (5) directors. At any annual meeting of stockholders of a subsidiary of the Company or any special meeting at which directors of a subsidiary of the Company are to be elected (or in any written consent in lieu of such meeting), the Company will cast all of its votes of capital stock of such subsidiary so that the Class A Director and the Class B Directors are elected to the Board of Directors of such subsidiary. If a vacancy with respect to a director of a subsidiary of the Company should be created for any reason, including, but not limited to, the death, disability, resignation or removal of such director, such vacancy will promptly be filled by the Company at a special meeting called for that purpose (or by a written consent in lieu of such meeting), and at such meeting (or by such consent), the Company shall cause to be elected a replacement director selected by the Common Shareholders who previously selected the director whose death, resignation, etc. created the vacancy.
- (e) The Company will deliver to each Class A Shareholder:
- (i) within twenty-five (25) days after the end of each month, consolidated balance sheets of the Company as of the end of such month and related consolidated statements of earnings and cash flow for such month and for the fiscal year through the end of such month and for the comparable

month and period of the prior year, certified by the Company's chief financial officer as presenting fairly in all material respects the consolidated financial position and results of operations of the Company and its consolidated subsidiaries in accordance with generally accepted accounting principles consistently applied, except that such financial statements (a) do not contain footnotes and (b) are subject to customary year-end adjustments, and with such other exceptions as are agreed by ANI and Media General.

- (ii) within forty-five (45) days of the close of the first three fiscal quarters of each year, quarterly consolidated balance sheets of the Company as of the end of such quarter and related consolidated statements of earnings and cash flow for such quarter and for the fiscal year through the end of such quarter and for the comparable quarter and period of the prior year, certified by the Company's chief financial officer as presenting fairly in all material respects the consolidated financial position and results of operations of the Company and its consolidated subsidiaries in accordance with generally accepted accounting principles consistently applied, except that such financial statements (a) do not contain footnotes and (b) are subject to customary year-end adjustments, and with such other exceptions as are agreed by ANI and Media General.
- (iii) within ninety (90) days of the close of the fiscal year end, year-end audited financials, including consolidated balance sheets of the Company as of the end of such fiscal year and related consolidated statements of earnings and cash flow for such fiscal year and for the prior fiscal year certified by the Company's independent public accountants presenting fairly the consolidated financial position and results of operations of the Company and its consolidated subsidiaries in accordance with generally accepted accounting principles consistently applied.
- (iv) promptly (but within any event within three (3) business days) after receipt by the Company copies of management letters (if any) from the Company's independent public accountants or internal auditors,
- (v) a written agenda at least ten (10) days in advance of each meeting of the board or board committee of the Company or its subsidiaries,

- (vi) management's proposed capital and operating budget for each fiscal year at least fifteen (15) days prior to the Board meeting at which it is to be submitted for approval by the Board and beginning with the budget for fiscal year 2001, in any event at least fifteen (15) days prior to the commencement of such fiscal year (and, in the case of fiscal year 2000, on or prior to July 15, 1999),
- (vii) prior written explanation of any waiver or consent that any Class A Shareholder is requested to sign, if the action for which such waiver or consent is requested will conflict with or limit any of Media General's or the Class A Shareholders' rights under this Agreement, the Certificate of Incorporation, the Bylaws, the Stock Purchase Agreement or the Tax-Sharing Agreement (collectively, the "Operative Documents"), and
- (viii) any other information that any Class A Shareholder may reasonably request in writing.

(f) ANI shall cause the Company to take all actions necessary and appropriate to comply with the Company's covenants contained in this Section 6.02.

(g) ANI and the Company covenant and agree that ANI and the Company shall owe to the Class A Shareholders the full scope of fiduciary duties, including, but not limited to, good faith, fairness and fair dealing, which the Company would owe to any of its common stockholders. The Company and ANI acknowledge that (while the Company is technically not a "close corporation" under Delaware Law) the Company is a closely held corporation, and that as such, the fiduciary duties owed by the Company to the Class A Shareholders and ANI are of the highest degree and character, and ANI owes to the Class A Shareholders the same fiduciary duties which the Company owes to its Class A Shareholders.

6.03 Governance Rights. Except as provided in the next sentence, all action of the Board of Directors of the Company and its subsidiaries (including without limitation the

declaration of dividends and distributions) shall require the affirmative vote of a majority of directors present at a meeting at which a quorum is present. ANI and the Company covenant that the Company shall not, nor shall it permit any subsidiary to, take or permit any of the following actions, unless the same shall have first been approved by the requisite number of directors and the Class A Director, and ANI covenants that it shall cause the Company and any subsidiary of the Company, to refrain from the following actions, unless they have been approved in the manner provided above:

- (a) Make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan advance or guarantee with or for the benefit of ANI or its affiliates (other than the Company and its subsidiaries), other than (i) the payment of management fees of \$1 million per annum (except to the extent a greater amount is set forth in the Approved Budget), (ii) to the extent provided for (x) in a specific line item of the Approved Budget (which line item shall specify that the payment is to or for the benefit of ANI or one of its affiliates (other than the Company and its subsidiaries)) or (y) pursuant to the Tax Sharing Agreement, (iii) loans, advances or other transfers of properties or assets to the extent failure to make such loans, advances or other transfers of properties or assets would cause Garden State or ANI to be in default under the indenture dated March 16, 1999 in respect of Garden State's 8- 5/8% Senior Subordinated Notes due 2011 or the indenture dated October 1, 1997 in respect of Garden State's 8-3/4% Senior Subordinated Notes due 2009, in each case as in effect on the date hereof, and (iv) Permitted Intercompany Debt (as defined below),
- (b) Sell any equity interests or rights to acquire equity interest in the Company or any of its subsidiaries,
- (c) Merge (other than with The Denver Post), consolidate, sell substantially all of the Company's assets or liquidate (other than (x) the pledge or grant of a security interest in shares of capital stock of the Company's subsidiaries to secure Permitted Debt, and the foreclosure on any such pledge or security interest, and (y) as permitted by clause (a) (iii) above),

- (d) Make any Investments (including acquisitions of another business entity and expansion into new businesses) exceeding an aggregate amount of such Investments outstanding at any time of \$15 million,
- (e) Incur any Debt except (i) Permitted Debt and (ii) capitalized leases of less than \$10 million at any time outstanding (exclusive of those in effect on the date hereof),
- (f) Refinance or refund or amend, supplement or otherwise modify or waive any material term of any loan agreement in respect of Debt required to be approved by the Class A Director pursuant to clause (e) above,
- (g) Enter into joint ventures and partnerships which amount to a cumulative equity commitment in excess of \$10 million in the aggregate,
- (h) Amend the Tax Sharing Agreement, the Certificate of Incorporation or the Bylaws,
- (i) Fix the level of compensation for any employee over \$300,000 per year,
- (j) Enter into or permit to exist any agreement which limits or restricts the rights of Media General or the Class A Shareholders under the Operative Documents or the obligations of any Denver Person (as such term is defined in Section 1.6(a) of the Stock Purchase Agreement) under the Operative Documents,
- (k) Terminate the independent certified public accountants of the Company or The Denver Post or appoint an independent certified public accountant for the Company or The Denver Post (other than Ernst & Young LLP),
- (l) Appoint and/or dismiss the Publisher of The Denver Post,
- (m) Make capital expenditures in excess of \$ 10 million in any year (other than to the extent set forth in the Approved Budget),
- (n) Repurchase or redeem securities of the Company, and
- (o) Approve the capital and operating budget for the Company and its subsidiaries for each fiscal year (as approved, the "Approved Budget"), provided that until the Approved Budget for fiscal year

2000 is adopted, the preliminary budget attached as Exhibit B shall be deemed to be the fiscal year 2000 Approved Budget.

As used in this Agreement:

“Debt” means (i) any indebtedness for borrowed money or the deferred purchase price of property as evidenced by a note, bonds, or other similar instruments, (ii) obligations as lessee under capital leases (to the extent required to be capitalized under GAAP), (iii) without duplication, obligations secured by any mortgage, pledge, security interest, encumbrance, lien or charge of any kind existing on any asset owned or held by the Company or any subsidiary of the Company whether or not the Company or a subsidiary has assumed or become liable for the obligations secured thereby, (iv) any obligation under any interest rate swap agreement, (v) accounts payable and (vi) obligations under direct or indirect guarantees of (including obligations (contingent or otherwise) to assure a creditor against loss in respect of) indebtedness or obligations of the kinds referred to in clauses (i), (ii), (iii), (iv) and (v), above; provided that Debt shall not include obligations in respect of any accounts payable that are incurred in the ordinary course of the Company’s business.

“Investment” means (i) any direct or indirect purchase or other acquisition by the Company or any of its subsidiaries of, or of a beneficial interest in, stock or other securities of any other Person (other than a Person that prior to such purchase or acquisition was a wholly-owned subsidiary of the Company), (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by any subsidiary of the Company from any Person other than the Company, of any equity securities of such subsidiary, or (iii) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses in the ordinary course of business) or capital contribution by the Company or any of its subsidiaries to

any other Person other than a wholly-owned subsidiary of the Company including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

“Permitted Debt” shall mean (1) Debt incurred to redeem the 9% Cumulative Preferred Stock, par value \$.01 per share (including accrued but unpaid dividends to the date of such redemption) as contemplated by the Stock Purchase Agreement, (2) Debt incurred to refinance the Company’s and The Denver Post’s outstanding indebtedness to Norwest Bank Colorado, National Association (“Norwest Bank”) as of the date of the Closing under the Loan Agreement, dated as of May 20, 1994, between The Denver Post and Norwest Bank, as amended, together with the amount of any bank overdrafts at Norwest Bank outstanding at such time, (3) Debt incurred to fund net losses (other than depreciation and amortization) pursuant to the Approved Budget or other initiatives or deviations from the Approved Budget approved by the Board of Directors of the Company and its subsidiaries (including the Class A Director) from time to time in accordance with this Section 6.03, (4) Debt incurred to make capital expenditures (other than capital expenditures made in violation of Section 6.03(m)), (5) revolving Debt of up to \$5 million incurred for working capital purposes, (6) up to \$8 million of Debt incurred in respect of the press project associated by the New York Times Company commercial print contract, (7) up to \$10 million of other Debt not described in the immediately preceding clauses (1) through (6), and (8) Debt incurred to make required payments of principal, interest, fees and other amounts on Permitted Debt to the extent the Company and its subsidiaries have insufficient

funds to make such payments. As used in the preceding sentence, Debt shall include all fees and expenses incurred and borrowed in connection with the incurrence of such Debt. Permitted Debt described in clauses (1), (2) and (3) of the definition thereof that is repaid pursuant to Section 6.02(b) may not be reborrowed as Permitted Debt, provided that (without limitation of and subject to Section 6.02(b)), the foregoing shall not limit the ability of the Company and its subsidiaries to pay down and reborrow Permitted Debt in connection with cash management activities between Payment Dates; provided further, that, upon reborrowing, the amount of Permitted Debt described in clauses (1), (2) and (3) shall not exceed the amount of such Permitted Debt outstanding on the most recent Payment Date after application of Available Cash required by Section 6.02(b) to be applied to the repayment of Permitted Debt on such Payment Date (or, if the Company shall have failed to apply such Available Cash, the amount of such Permitted Debt that would have been outstanding assuming such Available Cash had been so applied). Guarantees by the Company or any of its subsidiaries of Debt or other obligations of ANI or any of its affiliates (other than the Company and its wholly-owned subsidiaries) ("Guaranteed Obligations") shall be Permitted Debt only if such guarantees meet the following conditions: (w) the proceeds of Guaranteed Obligations may be used solely to fund the business, liabilities and obligations of the Company and its wholly-owned subsidiaries by way of Permitted Intercompany Debt and capital contributions, (x) the liability of the Company in respect of such permitted guarantees shall not exceed (A) the sum of all proceeds of Guaranteed Obligations advanced to the Company and its wholly-owned subsidiaries, plus interest on and other amounts payable in respect of Permitted Intercompany Debt less (B) the sum of all amounts paid by the Company and its subsidiaries to or for the benefit of ANI and its affiliates

(other than the Company and its subsidiaries) for any purpose whatsoever in excess of amounts permitted by Sections 6.03(a)(i) and (ii) or otherwise approved by the Board of Directors of the Company (including the Class A Director) in accordance with Section 6.03, (y) the Company shall be entitled to offset any amounts paid by the Company or any of its subsidiaries on or in respect of such permitted guarantees against any amounts owed by the Company or any of its subsidiaries to ANI or any of its affiliates with such amounts to be applied first against Permitted Intercompany Debt and (z) the Company and its subsidiaries shall be subrogated to the rights of the beneficiaries of such permitted guarantees against ANI and its affiliates (other than the Company and its subsidiaries) when all obligations of ANI and its affiliates (including the Company and its subsidiaries) to such beneficiaries have been discharged.

To the extent that Permitted Debt (x) is borrowed directly by the Company or its subsidiaries pursuant to a credit facility of ANI or its affiliates (other than the Company and its subsidiaries), (y) constitutes a guarantee of Debt of ANI or its affiliates (other than the Company and its subsidiaries) or (z) is borrowed from ANI or any of its affiliates (other than the Company and its subsidiaries), such Debt shall be on terms no less favorable as to amortization, mandatory prepayments, interest rates, fees and covenants (except as to prepayment and amortization as provided herein) than Debt of ANI or its affiliates, in the case of clause (x), under such credit facility, and in the case of clause (y), in respect of the Debt guaranteed, and in the case of clause (z), under the most favorable revolving credit facility of ANI and its affiliates (other than the Company and its subsidiaries) (unless the proceeds of such Debt are loaned to the Company and its subsidiaries, in which case such terms shall be no less favorable than those of the credit facility under which such Debt is incurred). Permitted Debt described in clauses (y) and (z) above is referred to as “Permitted Intercompany Debt”.

7. PREEMPTIVE RIGHTS

The Company hereby grants to the Class A Shareholders the right to purchase additional shares of the Company's equity securities (or rights to acquire such equity securities) (the "Purchase Right") in connection with any issuance from time to time by the Company of equity securities after the Closing Date, other than any public offering by the Company (such securities the issuance of which gives rise to a Purchase Right are referred to herein as "Covered Securities") in accordance with the following provisions:

(a) In the event the Company determines to sell Covered Securities, it shall deliver to each Class A Shareholder a written notice (the "Transaction Notice") stating (i) its bona fide intention to sell Covered Securities, (ii) the identity of the proposed transferee and the material terms of the transaction and (iii) the Per Share Price (as defined below) at which it intends to issue such Covered Securities.

(b) No later than ten (10) days after delivery to each Class A Shareholder of a Transaction Notice (or, if later, five days following the date the independent qualified appraiser described in the definition of Per Share Price delivers its determination to the Class A Shareholders), each Class A Shareholder may elect to purchase from the Company such number of shares of Covered Securities ("Preemptive Shares") as will maintain its percentage ownership in the Company on a fully diluted basis (after giving effect to the sale of the Covered Securities described in the Transaction Notice and the sale of the Common Stock pursuant to the Purchase Right) at a price per share equal to the Per Share Price by delivery to the Company of an election notice (the "Election Notice") stating such Class A Shareholder's intention to exercise the Purchase Right.

(c) Permitted Sales. The Company shall have ninety (90) days from the expiration of the relevant period set forth in Section 7(b) to sell the Covered Securities as to which a Transaction Notice has been given by the Class A Shareholders to the Person or Persons specified in the Transaction Notice, but only upon terms and conditions that are no more favorable in the aggregate to such other Person or Persons or less favorable to the Company than those set forth in the Transaction Notice.

(d) Reduction in Amount of Offered Securities. In the event the Company shall sell less than all the Covered Securities specified in a Transaction Notice (any such sale to be in the manner and on the terms specified in Section 7(c) above), then the number of the Preemptive Shares to be purchased by a Class A Shareholder shall be reduced pro rata.

(e) Closing. Upon the closing of the sale to such other Person or Persons of Covered Securities, the Class A Shareholders shall purchase from the Company, and the Company shall sell to the Class A Shareholders, the number of Preemptive Shares specified in the Election Notices, as reduced pursuant to Section 7(d).

(f) Further Sale. In each case, any Covered Securities covered by a Transaction Notice that are not sold on the basis set forth in paragraph (c) above may not be sold or otherwise disposed of until the procedures specified in this Section 7 are complied with again.

(g) “Per Share Price” shall mean, with respect to Covered Securities to be issued by the Company, an amount equal to the aggregate consideration (expressed in dollars) to be paid to the Company for such Covered Securities (which may be zero), divided by the number of Covered Securities to be issued on fully-diluted basis. If such consideration includes non-cash consideration, and the Class A Shareholders exercising their rights under this Article 7 and the Company cannot agree on the dollar value of such consideration within five days of

delivery of the Transaction Notice to the Class A Shareholders, such consideration will be valued for purposes this Article 7 by independent qualified appraisers jointly engaged by such Class A Shareholders and the Company, whose fees and expenses shall be split between the Company, on the one hand, and such Class A Shareholders, on the other hand.

8. MISCELLANEOUS

8.01 Indemnification. ANI hereby agrees to indemnify and hold Media General and each other Class A Shareholder and the Company harmless from and against any damage to Media General and each other Class A Shareholder and/or the Company resulting from any breach of any covenant made herein by ANI, including all actions, suits, judgments, costs and legal and accounting expenses incident to any of the foregoing. Media General and each Class A Shareholder hereby agrees to indemnify and hold ANI and the Company harmless from and against any damage to ANI and/or the Company resulting from any breach of any covenant made herein by Media General or such Class A Shareholder, as the case may be, including all actions, suits, judgments, costs and legal and accounting expenses incident to any of the foregoing.

8.02 Notices. All notices and other communications hereunder shall be in writing and deemed to have been duly given if delivered by hand or mailed, postage prepaid by certified mail, return receipt requested or by facsimile transmission to the following persons and addresses:

- (a) To the Company, or ANI Mr. W. Dean Singleton,
Vice Chairman
Denver Newspapers, Inc.
Suite 525
4888 Loop Central Drive
Houston, Texas 77081
Facsimile No.: (303)894-9340

With Copies to: Howell E. Begle, Jr., Esq.
Verner, Liipfert, Bernhard,
McPherson & Hand Chartered
Suite 700
901 15th Street, N.W.
Washington, D.C. 20005
Facsimile No.: (202) 371-6279

and

James Modlin, Esq.
Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York, New York 10004
Facsimile No.: (212) 422-4726

(b) To Media General: Mr. J. Stewart Bryan III
Chairman
Media General, Inc.
333 East Grace Street
Richmond, Virginia 23219
Facsimile No.: (804) 649-6400

and

George L. Mahoney, Esq.
General Counsel & Secretary
Media General, Inc.
333 East Grace Street
Richmond, Virginia 23219
Facsimile No.: (804) 649-6989

With Copies to: Stuart Katz, Esq.
Fried, Frank, Harris, Shriver &
Jacobson
One New York Plaza
New York, New York 10004
Facsimile No.: (212) 859-8587

or to such subsequent persons and addresses as may be specified by notice. All notices shall be deemed to be given when received, provided that any notice received after business hours or on a day that is not a business day shall be deemed to be received on the next business day.

8.03 Entire Agreement. Except as otherwise expressly provided herein, this Agreement contains the entire agreement among the parties and it may not be modified, changed, or amended unless the same be in writing and signed by all of the parties hereto, or their successors or assigns.

8.04 Successors and Assigns. Subject to Section 1.04, all of the terms and conditions herein contained shall bind and inure to the benefit of each of the parties hereto, their successors, assigns, distributees, legatees, heirs, executors, administrators and personal representatives and also any receiver or trustee in bankruptcy or insolvency, including without limitation on Garden State following the Contribution and on the surviving corporation in the merger of the Company and The Denver Post (which shall be deemed to be the "Company" hereunder) and the surviving corporation in the merger of ANI and Garden State (which shall be deemed to be "ANI" hereunder).

8.05 Brokers and Expenses. Except as set forth in this Section 8.05, the Parties agree to pay their respective expenses incurred in connection with this Agreement. The Company agrees to (a) pay the legal and accounting expenses necessarily and appropriately incurred by the Company in the implementation of the transactions contemplated hereby (excluding any fees relating to the negotiation and documentation of such transactions) and (b) reimburse Media General for the expenses incurred by no more than two persons in attending meetings of the Board of Directors of the Company and any of its subsidiaries and any committees thereof, including the cost of air travel not to exceed the cost of first class airfare. Each of Media General and ANI agrees to indemnify the other and the Company against and hold the others harmless from any and all liabilities (including without limitation, cost of counsel) to any persons claiming brokerage commissions or finder's fees on account of services

purported to have been rendered on behalf of, or loss of investment rights or opportunity caused by, the indemnifying party in connection with this Agreement or the transactions contemplated hereby.

8.06 Waivers. The terms, covenants, representations, warranties or conditions of this Agreement may be waived only by a written instrument executed by the Party waiving compliance. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time prior to any subsequent change in capital structure to enforce the same. No waiver by any Party of any breach of any term, covenant, representation, condition or warranty contained in this Agreement, whether by contract or otherwise, in any one or more instances, shall be deemed to be or construed as a waiver of any other breach of any other term, covenant, representation, condition or warranty contained in this Agreement.

8.07 Announcement. Such public announcement or “release” describing the transactions provided for herein as may be required by applicable law or regulation shall be made by the Parties, the same to be approved in advance by all Parties. No other public announcement or release with respect to the transactions provided for herein shall be made by any Party, unless the same shall be approved in advance by the other Parties hereto.

8.08 Captions and Pronouns. The captions appearing in this Agreement are included solely for the convenience of the parties and shall not be given any effect in construing this Agreement. Wherever singular pronouns are used herein, the same shall include the plural, and vice versa and wherever words of any gender are used herein, such words shall include other genders.

8.09 Choice of Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of New York, without regard to the conflict of laws provisions thereof.

8.10 Registration Rights. From and after the date hereof, Media General, as holder of the shares of Class A Common Stock, shall have the Registration Rights with respect to such shares of Class A Common Stock as set forth in Exhibit A hereto, which Exhibit is hereby incorporated in full herein, and with respect to any other "Registrable Securities," as defined therein.

8.11 Facsimile Signatures; Counterparts. This Agreement may be executed by facsimile signatures and in one or more counterparts, each of which shall be deemed an original and all of which together will constitute one and the same instrument.

8.12 Equitable Relief. The parties hereby acknowledge that monetary damages are insufficient to adequately remedy the damages which will accrue, or which have accrued, to a party hereto by reason of a failure to perform any of the obligations required under this Agreement. Therefore, if any Party hereto shall institute any action or proceeding to enforce the provisions hereof, any Person (including the Company) against whom such action or proceeding is brought hereby waives the claim or defense therein that such Party or personal representative has or have an adequate remedy at law, and such Person shall not advance in any such action or proceeding the claim or defense that such remedy at law exists.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date and year first shown above.

DENVER NEWSPAPERS, INC.

By: /s/ JOSEPH J. LODOVIC, IV

Its: Executive Vice President and Chief Financial Officer

MEDIA GENERAL, INC.

By: /s/ J. S. BRYAN III

Its: CHAIRMAN

MEDIANEWS GROUP, INC.

By: /s/ JOSEPH J. LODOVIC, IV

Its: Executive Vice President and Chief Financial Officer

GARDEN STATE NEWSPAPERS, INC., agrees to be bound by this Agreement as "ANI" following the Contribution

By: /s/ JOSEPH J. LODOVIC, IV

Its: Executive Vice President and Chief Financial Officer

REGISTRATION RIGHTS

1. Certain Definitions. As used in this Exhibit A, the following phrases shall have the following respective meanings:

“Commission” shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“Common Stock” shall mean the Class A Common Stock and the Class B Common Stock.

“Denver Shareholders’ Agreement” shall mean the Third Amended and Restated Shareholders’ Agreement, dated as of June 30, 1999, of which this Exhibit A is a part.

“Exchange Act” shall mean the Securities Exchange Act of 1934 or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

“Holder” shall mean any person who is the owner of record of any of the Registrable Securities.

“Registrable Securities” shall mean the shares of Class A common stock, par value of \$1.00 per share (the “Class A Common Stock”), of Denver Newspapers, Inc., a Delaware corporation (the “Company”) held by Media General, Inc. on June 30, 1999, or hereafter acquired by any Class A Shareholders pursuant to

Section 3.01 of the Denver Shareholders' Agreement and any other securities that may be issued or issuable by the Company, or any successor of the Company, as a dividend or distribution upon or in exchange for or in replacement or conversion of such shares (including any shares of Class B common stock, par value of \$1.00 per share ("Class B Common Stock") issued upon conversion of the Class A Common Stock), or any such other securities. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (a) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (b) they shall have been sold as permitted by, and in compliance with, Rule 144 (or successor provision) promulgated under the Securities Act, (c) they shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer under the Securities Act or the Denver Shareholders' Agreement shall have been delivered by the Company and subsequent public distribution of them shall not require registration of them under the Securities Act, or (d) they shall have ceased to be outstanding.

"Registration Statement" shall mean a Registration Statement filed or to be filed by the Company to register under the Securities Act a sale of any of the Registrable Securities by or for the account of any Holder. Such term includes any prospectus included in the Registration Statement.

“Securities Act” shall mean the Securities Act of 1933 or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

“Selling Holders” shall mean the Holders of Registrable Securities included in a registration under either Section 2 or Section 3 of this Exhibit A.

“Transfer” shall mean any sale or other disposition of any Registrable Securities which would constitute a sale thereof under the Securities Act.

All other capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Denver Shareholders’ Agreement.

2. Piggyback Registration.

(a) If at any time the Company determines that it will file a Registration Statement for any public offering of its securities, either for its own account or the account of any security holder (a “Piggyback Registration”), then the Company shall give written notice to each Holder, at least 45 days in advance of filing such Registration Statement, that such filing is expected to be made (the “Piggyback Notice”). Such Notice shall also be given by the Company to all other holders of the Company’s securities that are entitled to registration rights with respect to such securities and all such holders shall be offered the opportunity to have such securities included in the Piggyback Registration. Such Notice to each Holder shall be deemed to be confidential information about the Company and the Holder hereby agrees to maintain the confidentiality of such information and shall not, directly or indirectly, take any action (including, without limitation, the purchase or sale of the Company’s securities), with respect to

such information that is inconsistent with the confidential nature of such information. Upon the written request of any Holder received by the Company no later than 30 days following the Piggyback Notice (the “Piggyback Request”), and subject to the conditions set forth in this Section 2, the Company shall include in such Registration Statement all, but not less than all, of the Registrable Securities held by such Holder for the purpose of registering those Registrable Securities for sale by or for the account of such Holder. The Company shall have exclusive control over the filing, amending, withdrawal and other actions regarding such Registration Statement in accordance with the provisions of Section 2(c) hereof. The Company shall have no obligation to give notice to any Holder with respect to the filing of, or to include any Registrable Securities for any Holder in, any Registration Statement on Form S-4 or Form S-8 (or successor forms thereto).

(b) If (i) the securities to be sold by the Company pursuant to a Registration Statement described in Section 2(a) hereof or (ii) none are to be sold by the Company then, if the majority of the securities to be sold by others pursuant to any such Registration Statement, are to be sold in any underwritten public offering and are of the same class as the Registrable Securities, the right of any Holder to have the Registrable Securities included in the same Registration Statement may be conditioned upon the inclusion of such Holder’s Registrable Securities in the same underwriting. The Company, all Selling Holders and all other security holders proposing to sell securities in such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters. Notwithstanding any other provisions of this Section 2(b), if the managing underwriter, which shall be a reputable and experienced firm selected by the Company, determines that marketing factors require a limitation of the number of securities to be included in the underwriting, the

managing underwriter, in its sole discretion, may either eliminate all Registrable Securities from such underwriting, or ratably limit the number of Registrable Securities to be included in the underwriting for all Selling Holders. The Company shall advise all Holders who shall have requested inclusion of their Registrable Securities in the same underwriting of the aggregate number of Registrable Securities that may be included for all Selling Holders. Such aggregate number shall be allocated among all such Selling Holders in proportion, as nearly as practical, to the number of Registrable Securities for which each Selling Holder requested registration. No Registrable Securities excluded from an underwriting by reason of such marketing limitation shall be included in the Registration Statement. If any Holder disapproves of the terms of the underwriting, he may elect to withdraw his Registrable Securities by giving written notice to the Company and the managing underwriter. After receiving any such Notice, the Company shall withdraw those Registrable Securities from the Registration Statement. If a withdrawal of Registrable Securities or any withdrawal of other securities (except a complete withdrawal of all securities that were to be sold by the Company, in which case the Company may withdraw the Registration Statement in its entirety) makes it possible, within the marketing limitation set by the managing underwriter and the Company, to include in the underwriting a greater number of Registrable Securities held by other Selling Holders participating in such underwriting, then to the extent practical, without delaying the underwriting, the Company shall offer to all Selling Holders who then have Registrable Securities included in the underwriting an opportunity to "include additional Registrable Securities in the proportion previously described in this Section 2(b).

(c) After filing such Registration Statement, the Company shall use its best efforts and shall take all appropriate actions to cause such Registration Statement to become

effective as soon as practical. After such Registration Statement becomes effective, the Company shall use its best efforts and shall take all appropriate actions to maintain the effectiveness of such Registration Statement for such reasonable period, not exceeding 15 months, as the Selling Holders participating in such registration may require to complete their contemplated sales in compliance with the Securities Act. So long as the Registration Statement remains in effect, the Company shall furnish to the Selling Holders participating in such registration and their underwriters such quantities of each prospectus included in the Registration Statement as they may reasonably request.

3. Registration on Request.

(a) Request. Subject to Section 3(i) hereof, at any time and from time to time, upon the written request of one or more Holders (the "Initiating Holders") of Registrable Securities representing not less than 25% of the Registrable Securities that the Company effect the registration under the Securities Act of all or part of such Initiating Holders' Registrable Securities (a "Demand Notice"), the Company will promptly give written notice of such requested registration to all registered Holders of Registrable Securities, and thereupon the Company will use its best efforts to effect the registration under the Securities Act of:

(i) the Registrable Securities which the Company has been so requested to register by such Initiating Holders, and

(ii) all other Registrable Securities which the Company has been requested to register by the Holders thereof by written request given to the Company within 30 days after the giving of such written notice by the Company (the "Requesting Holders"), all to the extent requisite to permit the disposition of the Registrable Securities so to be registered.

(b) Registration of Other Securities. Whenever the Company shall effect a registration pursuant to this Section 3 in connection with an underwritten offering by one or more Selling Holders of Registrable Securities, no securities other than Registrable Securities shall be included among the securities covered by such registration unless (a) the managing underwriter of such offering shall have advised each Selling Holder of Registrable Securities to be covered by such registration in writing that the inclusion of such other securities would not adversely affect such offering or (b) the Selling Holders of not less than 66-2/3% of all Registrable Securities to be covered by such registration shall have consented in writing to the inclusion of such other securities.

(c) Registration Statement Form. Registrations under this Section 3 shall be on such appropriate registration form of the Commission as shall be selected by the Company and as shall be reasonably acceptable to the Selling Holders of more than 50% of the Registrable Securities so to be registered. The Company agrees to include in any such Registration Statement all information which, in the opinion of counsel to the Selling Holders of Registrable Securities so to be registered and counsel to the Company, is required to be included.

(d) Effective Registration Statement. A registration requested pursuant to this Section 3 shall not be deemed to have been effected (i) unless a Registration Statement with respect thereto has become effective, (ii) if after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason not attributable to the Selling Holders and has not thereafter become effective, or (iii) if the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied or waived, other than by reason of a failure on the part of the Selling Holders.

(e) Selection of Underwriters. The underwriter or underwriters of each underwritten offering of the Registrable Securities so to be registered under this Section 3 shall be selected by the Initiating Holders with the consent of the Selling Holders (including the Initiating Holders) of more than 50% of the Registrable Securities so to be registered.

(f) Priority in Requested Registration. If the managing underwriter of any underwritten offering shall advise the Company in writing (with a copy to each Selling Holder of Registrable Securities requesting registration) that, in its opinion, the number of securities requested to be included in such registration exceeds the number which can be sold in such offering within a price range acceptable to the Selling Holders of 66-2/3% of the Registrable Securities requested to be included in such registration, the Company will include in such registration, to the extent of the number which the Company is so advised can be sold in such offering, Registrable Securities requested to be included in such registration, pro rata among the Selling Holders requesting such registration on the basis of the percentage of the Registrable Securities of such Selling Holders requested so to be registered. No Registrable Securities excluded from an underwriting by reason of proration under this Section 3(f) shall be included in the Registration Statement. If the Selling Holders of more than 50% of the Registrable Securities so to be registered elect to sell their Registrable Securities in an underwritten public offering, the right of any other Holder to have Registrable Securities included in the same Registration Statement shall be conditioned upon the inclusion of such Holder's Registrable Securities in the same underwriting. All Holders proposing to sell their Registrable Securities in such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected in the manner set forth above. If any Holder disapproves of the terms of the underwriting, he may elect to withdraw his Registrable Securities by giving written notice to

the Company and the managing underwriter. After receiving any such notice the Company shall withdraw those Registrable Securities from the Registration Statement.

(g) Stock Split. In connection with an initial public offering, upon request from the Initiating Holders, or the managing underwriters selected in accordance with Section 3(e), the Company and its shareholders shall promptly effect a stock split of the Common Stock on a pro rata basis to provide for such number of shares as the Initiating Holders or such managing underwriter determines is appropriate.

(h) Limitations if Company Offering in Process. After the initial public offering of Registrable Securities, notwithstanding the other provisions of this Section 3, the Company shall not be obligated to file any Registration Statement pursuant to Section 3 hereof during any period commencing with the date of filing of a Registration Statement under the Securities Act pertaining to an underwritten public offering of Common Stock to be sold by or for the account of the Company and ending three months after the effective date of such Registration Statement, provided that (i) the procedures of Section 2 are complied with in connection with such offering, (ii) the managing underwriter determined that marketing factors required the exclusion of all Registrable Securities and (iii) during such period the Company and the managing underwriter in good faith use reasonable efforts to cause such Registration Statement to become effective and to complete the public offering covered by such Registration Statement.

(i) Limitations on Registration on Request. Notwithstanding anything in this Section 3 to the contrary, in no event will the Company be required to effect, in the aggregate pursuant to this Section 3, without regard to the holder of Registrable Securities making such request, more than three registrations during the term of this Agreement.

4. Registration and Qualification Procedures. Whenever the Company is required by the provisions of Section 3 to use its best efforts to effect the registration of any Registrable Securities under the Securities Act or the Company is required by the provisions of Section 2 to include Registrable Securities in any registration of its securities, the Company will:

(i) as expeditiously as possible and in any event within 60 days of the Demand Notice in the case of a request for registration pursuant to Section 3, prepare and file with the Commission a Registration Statement with respect to such Registrable Securities in connection with which the Company will give each Selling Holder, the underwriters, if any, their respective counsel and accountants, the opportunity to participate in the preparation of such Registration Statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants that have examined its financial statements as shall be necessary, in the opinion of such Selling Holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act;

(ii) in the case of registration required by Section 3, use its best efforts to cause such registration statement to become effective not later than 120 days after the Demand Notice;

(iii) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and the prospectus current and to comply with the provisions of the Securities Act with respect to the sale of the securities

covered by such registration statement whenever the Selling Holder of such securities shall desire to sell the same; provided, however, the Company shall have no obligation to file any amendment or supplement at its own expense more than 15 months after the effective date of such Registration Statement;

(iv) furnish to each Selling Holder such numbers of copies of preliminary prospectuses and prospectuses and each supplement or amendment thereto and such other documents as each such Selling Holder may reasonably request in order to facilitate the sale or other disposition of the Registrable Securities owned by such Selling Holder in conformity with (A) the requirements of the Securities Act and (B) such Selling Holders' proposed method of distribution;

(v) register or qualify the Registrable Securities covered by such Registration Statement under the securities laws of such jurisdictions within the United States as each Selling Holder shall reasonably request, and do such other reasonable acts and things as may be required of it to enable each Selling Holder to consummate the sale or other disposition in such jurisdictions of the securities owned by such Selling Holder; provided, however, that the Company shall not be required to (A) qualify as a foreign corporation or consent to a general and unlimited service of process in any such jurisdictions, or (B) qualify as a dealer in securities;

(vi) furnish, at the request of any Selling Holder on the date such Registrable Securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such Registrable Securities becomes effective, (i) an opinion, dated such date, of counsel representing the Company for the purposes of such

registration, addressed to the underwriters, if any, and to each Selling Holder, covering such legal matters with respect to the registration in respect of which such opinion is being given as the Selling Holder of such Registrable Securities may reasonably request and are customarily included in such opinions and (ii) letters, dated, respectively, (1) the effective date of the Registration Statement and (2) the date such securities are delivered to the underwriters, if any, for sale pursuant to such registration, from a firm of independent public accountants of recognized national standing selected by the Company, addressed to the underwriters, if any, and to the Selling Holder making such request, covering such financial, statistical and accounting matters with respect to the registration in respect of which such letters are being given as the Selling Holder of such Registrable Securities may reasonably request and are customarily included in such letters;

(vii) enter into and perform an underwriting agreement with the managing underwriter, if any, selected as provided herein, containing customary (A) terms of offer and sale of the Registrable Securities, payment provisions, underwriting discounts and commissions, and (B) representations, warranties, covenants, indemnities, terms and conditions; the Selling Holders may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Selling Holders and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Selling Holders; such Selling Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holders and

such Selling Holders' intended method of distribution and any other representation required by law and Section 7(c) hereof; and

(viii) notify each Selling Holder at any time when a prospectus relating to the registration is required to be delivered under the Securities Act, upon discovery that, or upon happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of any such Selling Holder promptly prepare and furnish to such Selling Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Allocation of Expenses. If the Company is required by the provisions hereof to use its best efforts to effect the registration or qualification under the Securities Act or any state securities laws of any Registrable Securities, the Company shall pay all expenses in connection therewith (other than underwriting discounts and commissions attributable to the Registrable Securities being registered or qualified), including, without limitation, (i) all expenses incident to filing with the National Association of Securities Dealers, (ii) registration fees, (iii) printing expenses, (iv) accounting and legal fees and expenses, except to the extent in a registration pursuant hereto the holders of Registrable Securities elect to engage accountants or attorneys in

addition to the accountants and attorneys engaged by the Company and one firm of attorneys for the Selling Holders, in which case such holders shall pay the fees and expenses of such additional accountants and attorneys, (v) expenses of any special audits incident to or required by any such registration or qualification, (vi) premiums for insurance in such amount, if any, deemed appropriate by the managing underwriter and (vii) expenses of complying with the securities laws of any jurisdictions in connection with such registration or qualification.

6. Indemnifications. In connection with any Registration Statement filed pursuant to this Exhibit A, the Company shall indemnify and hold harmless each Selling Holder whose Registrable Securities are included in the Registration Statement, each underwriter who may purchase from or sell any Registrable Securities for any such Selling Holder and each person who controls any such Selling Holder or any such underwriter, within the meaning of the Securities Act or the Exchange Act and against any and all losses, claims, damages, and liabilities (joint or several) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any preliminary prospectus, prospectus or offering material or any related state securities or "blue sky" applications or other instruments or caused by any omission or alleged omission to state in the Registration Statement or any preliminary prospectus, prospectus or offering material or any related state securities or "blue sky" applications or other instruments any material fact required to be stated or necessary to make the statements which are made, in light of the circumstances under which they were made, not misleading, or any violation or alleged violation of the Exchange Act, state securities laws, or the rules and regulation thereunder, together with the costs of investigating and defending any such claim (including reasonable attorneys' fees) except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or alleged untrue statement or omission or

alleged omission based upon information furnished in writing to the Company by such Selling Holder, underwriter or controlling person expressly for use in the Registration Statement or any related state securities or "blue sky" applications or other instruments. Each Selling Holder whose Registrable Securities are included in any Registration Statement filed pursuant to this Exhibit A shall severally, and not jointly, indemnify and hold harmless the Company, its directors, each officer signing the Registration Statement, each other person (including each other Holder) whose securities are included in the Registration Statement, each underwriter who may purchase from or sell any securities for the Company or any other person pursuant to the Registration Statement and each person, if any, who controls the Company, any such other person or any such underwriter, within the meaning of the Securities Act, from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, preliminary prospectus, prospectus or offering material or any related state securities or "blue sky" applications or other instruments or caused by any omission or alleged omission to state therein any material fact required to be stated or necessary to make the statements which are made, in light of the circumstances under which they were made, not misleading, insofar as such losses, claims, damages or liabilities are caused by any untrue statement or alleged untrue statement or omission or alleged omission based upon information furnished in writing signed by an officer of the Selling Holder from whom indemnification is sought expressly for use in the Registration Statement or any related state securities or "blue sky" applications or other instruments. To the extent the provisions contained in this Exhibit A are in conflict with any indemnification provisions that are included in any underwriting agreement entered into by the Company and/or

one or more Selling Holders with one or more underwriters in connection with any underwritten public offering registered under any Registration Statement filed pursuant to this Exhibit A, the provision of the underwriting agreement shall govern. The indemnities provided for in this Section 6 shall be independent of and in addition to any other indemnity provisions of the Agreement.

7. Miscellaneous.

(a) Each Selling Holder whose Registrable Securities are included in any Registration Statement filed pursuant to this Exhibit A shall furnish to the Company such information regarding such Selling Holder and the sale proposed by such Selling Holder as may reasonably be required for inclusion in the Registration Statement or any related state securities or “blue sky” applications or other instruments, as may be necessary to provide supplement information to the Commission, the National Association of Securities Dealers, Inc. or any administrator of any state securities or “blue sky” law, or as the Company or any underwriter may reasonably request.

(b) The registration rights granted in this Exhibit A are not assignable, in whole or in part, without the prior written consent of the Company, except such rights shall transfer with the ownership of the Registrable Securities in accordance with the Denver Shareholders’ Agreement.

(c) As a condition to having Registrable Securities included in any Registration Statement filed pursuant to this Exhibit A, such Holder may be required to agree, in a manner acceptable to the Company, that in selling the Registrable Securities the Holder will comply with all applicable laws and regulations including, but not limited to, Regulation M, if applicable, promulgated under the Securities Exchange Act of 1934, as amended.

(d) All rights of Holders of Registrable Securities under this Exhibit A are subject to compliance with and the rights of the Company and MediaNews Group, Inc. (and their successors) under Article 2 of the Denver Shareholders' Agreement.

The Tampa Tribune

Richmond Times-Dispatch

Winston-Salem Journal

Northern Virginia Community

Bristol Herald Courier

The (Lynchburg) News & Advance

The (Charlottesville) Daily Progress

Danville Register & Bee

The (Waynesboro) News Virginian

Culpeper Star-Exponent

The Reidsville (NC) Review

Eden (NC) Daily News

(Florence, SC) Morning News

(Concord) Independent Tribune

Hickory Daily Record

Statesville Record & Landmark

The (Morganton) News Herald

The (Marion) McDowell News

Jackson County Floridan

The Dothan Eagle

Opelika-Auburn News

Hernando Today

Highlands Today

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion addresses the principal factors affecting the Company's financial condition and operations during the past three years and should be read in conjunction with the consolidated financial statements and the Ten-Year Financial Summary found in this report.

OVERVIEW

Rebounding from depressed prior-year results, 2002 received a boost from the return of strong Broadcast advertiser demand, while Publishing advertisers remained cautious during much of the year. Broadcast Segment operating profits rose nearly 65% from 2001 on the strength of revenue growth across all advertising categories, but particularly Political advertising. Conversely, the Company's share of results from its investment in SP Newsprint Company declined \$33 million to a pretax loss of \$13.5 million as the newsprint industry continued to struggle with severely reduced selling prices. The 2002 adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, had a significant impact in the current year, in the form of a net intangibles impairment loss of \$126.3 million recorded at adoption, and the cessation of goodwill and indefinite-lived intangibles amortization for 2002 and beyond. This resulted in a reduction of approximately \$34 million (net of taxes) in amortization expense compared to the prior year.

From 1995 through 2000, the Company made a number of strategic publishing and broadcast acquisitions and disposed of its cable and wholly owned newsprint operations. Since 1995, the Company has expanded from three to 26 network affiliated television stations, from three to 25 daily newspapers, and created a separate division, Interactive Media, which manages more than 50 interactive and online operations. The Company also owns nearly 100 weekly newspapers and other periodicals. The Interactive Media Division, launched in January 2001, operates in conjunction with the Publishing and Broadcast Divisions to foster the Company's strategy of convergence by: delivering information and entertainment through the Company's existing websites, capitalizing on new online growth opportunities, and providing expanded choices for advertisers, readers, viewers and users. The Company's convergence efforts, initially focused in Tampa, continue to thrive there and are deepening their roots in many other markets and throughout Media General's culture.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with generally accepted accounting principles in the United States (GAAP) requires that management make various estimates and assumptions that have an impact on the assets, liabilities, revenues, and expenses reported. These estimates can also affect supplemental information disclosures of the Company, including information about contingencies, risk, and financial condition. Actual results could differ from those estimates. The Company's most critical accounting estimates and assumptions are in the following areas:

Intangible Assets

As noted above and discussed in Note 2 to the accompanying "Notes to Consolidated Financial Statements," the Company adopted SFAS No. 142 and recorded an after-tax impairment charge of \$126.3 million in 2002. As required by that statement, the Company reviews the carrying value of goodwill and other identified intangible assets, including FCC licenses, at least annually or more frequently if impairment indicators are present, utilizing a discounted cash flow model. The preparation of such discounted future operating cash flow analyses requires significant management judgment with respect to operating profit growth rates, appropriate discount rates, and residual values. Neither a one percentage-point increase in the discount rate nor a five percentage-point decline in the cash flow or residual value in the Publishing Division would have resulted in an additional impairment charge. However, had the Company, in the Broadcast Division, changed the discount rate by one percentage-point or changed the cash flow or residual values by five percentage-points, the non-cash impairment actually recorded would have been higher by \$7 million to \$40 million or been lower by \$6 million to \$30 million.

Derivative Financial Instruments

The Company carries derivative financial instruments on its balance sheet at fair value which is determined utilizing discounted cash flow models. The preparation of discounted future operating cash flow analyses for the Company's interest rate swaps requires assumptions with respect to future interest rates. The Company consistently utilizes rates that are widely published in the financial press as of each balance sheet date. The Company, from time to time, validates the continued reasonableness of its discounted cash flow interest rate model through interaction with financial institutions. A one percentage-point change in future interest rates would have no impact on the Company's recorded net income and would result in a change of approximately \$3 million in the liability recorded on the Company's balance sheet as of the end of 2002.

Pension Plans and Postretirement Benefits

The determination of pension and other postretirement plans' costs requires the use of assumptions for discount rates, investment returns, projected salary increases, mortality rates and health care cost trends. The actuarial assumptions used in the Company's pension and post-retirement reporting are reviewed annually with independent actuaries and compared with external benchmarks, historical trends, and the Company's own experience to determine that its assumptions are reasonable. A one-percentage-point change in the expected long-term rate of return on plan assets would have resulted in a change in pension expense for 2002 of approximately \$2.4 million. A one percentage-point change in the discount rate would change the plans' 2002 expense by approximately \$600 thousand and the plans' accumulated benefit obligations by approximately \$35 million as of the end of 2002.

Income Taxes

The Company files income tax returns with various state tax jurisdictions in addition to the Internal Revenue Service and is regularly audited by both federal and state tax agencies. From time to time, those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various tax agencies and does not anticipate any material impact on its earnings as a result of the various audits.

The Company records income tax expense and liabilities in accordance with SFAS No. 109, *Accounting for Income Taxes*, under which deferred tax assets and liabilities are recorded for the differing treatments of various items of income and expense for financial reporting versus tax reporting purposes. The Company bases its estimate of those deferred tax assets and liabilities on current tax laws and rates as well as expected future income. Therefore, any significant changes in enacted federal and state tax laws or in expected future earnings may impact deferred tax assets and liabilities. The Company's accounting for deferred tax consequences represents management's best estimate of future events and has been appropriately reflected in the accounting estimates.

Summary

Management believes, given current facts and circumstances, supplemented by the expertise and concurrence of external resources, including actuaries, accountants, and financial institutions, that its estimates and assumptions are reasonable and adhere to GAAP. Management further believes that the assumptions and estimates actually used in the financial statements, taken as a whole, represent the most appropriate choices from among reasonably possible alternatives and fairly present the financial position, results of operations and cash flows of the Company. Management has discussed and will continue to discuss the development, selection, and disclosure of key estimates with the Audit Committee.

RESULTS OF OPERATIONS

Intangibles Amortization

SFAS No. 142 had a significant impact on the Company's operations in 2002. Upon adoption, indefinite-lived intangibles were evaluated for impairment using estimated discounted cash flows to determine their fair value; poor economic conditions in 2001 led to reduced expectations for cash flows in future years. This resulted in an impairment loss of \$126.3 million (net of a \$12.2 million tax benefit), reported as a cumulative effect of change in accounting principle in the 2002 financial statements. Additionally, indefinite-lived intangibles (goodwill, FCC licenses, and network affiliation agreements) were no longer amortized effective January 2002; this resulted in approximately \$34 million lower amortization expense (net of taxes) in the current year. The entire \$48.6 million decrease in 2002 pretax intangibles amortization expense was attributable to the adoption of the new standard.

Acquisition intangibles amortization expense increased from \$53 million in 2000 to \$60 million in 2001. This increase was due overwhelmingly to acquisitions, specifically the inclusion of nine months of Spartan Communications, Inc. (Spartan) and five months of Thomson Newspapers (Thomson) in 2000 and 12 months of both in 2001.

Net Income

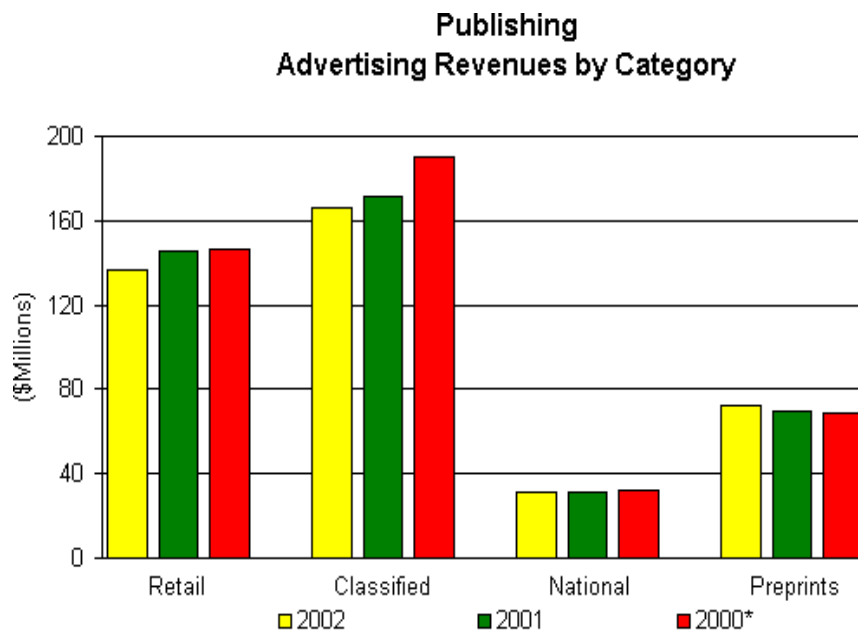
Net income fell from \$18 million (\$0.79 per diluted share) in 2001 to a loss of \$73 million (\$3.14 per diluted share) in 2002 due entirely to the previously mentioned cumulative effect of change in accounting principle of \$126.3 million (\$5.44 per diluted share) recorded in the first quarter of this year. Income from continuing operations excluding the above-mentioned adjustment rose \$35 million to \$53 million (\$2.30 per diluted share) in 2002 from \$18 million in the prior year. The vast majority of this increase was attributable to the absence of \$34 million of net amortization expense in the current year due to the adoption of SFAS No. 142. Other meaningful changes which occurred included a \$31 million increase in the Broadcast Division's segment operating profit as advertising revenues rebounded strongly across all categories (particularly Political but also aided by the Olympics), offset by a \$33 million decline in results from the Company's share of its investment in SP Newsprint Company (SPNC) as severely depressed newsprint prices continued to plague that industry.

Net income in 2001 dropped 66% to \$18 million (\$0.79 per diluted share) from \$54 million (\$2.22 per diluted share) in 2000. After adjusting for discontinued operations, the deep and sustained advertising revenue decline throughout 2001 was the most significant factor in the 72% drop in income from continuing operations. Comparisons with the prior year were also adversely affected by the presence of a fifty-third week in 2000's fiscal calendar versus fifty-two weeks in 2001. Declines were seen in all major revenue categories including, most notably, Classified and Retail in the Publishing Division and National and Political in the Broadcast Division. These were offset in part by the benefits of various cost containment initiatives and by the full-year impact of

the acquisitions made in 2000, but still resulted in a \$46 million decrease in segment operating income. A \$12 million increase in interest expense and an \$8 million increase in intangibles amortization were also primarily related to the full-year impact of the March 2000 acquisition of Spartan and the August 2000 acquisition of certain newspaper groups from Thomson. Additionally, "Other" was negatively affected by the absence of \$8.2 million of interest income earned in 2000 and the inclusion of \$7 million of additional expense related to a newsprint swap contract, prior to its termination in November 2001. On a positive note, the Company's share of income from SPNC increased 150% to \$19 million.

Publishing

Operating income for the Publishing Division decreased a modest \$2.8 million (2.2%) in 2002 from the prior year. Adjusting for a \$3.3 million decrease in the Company's share of The Denver Post's results, operating income remained essentially level with the prior year. Lethargic Classified and Retail advertising left the industry in a state of trepidation in response to the depressed advertising climate, and led the Company to continue its focus on cost containment. Weak Classified advertising revenue was driven by decreased employment lineage, partially offset by increased automotive advertising revenue that gained strength throughout 2002. Retail advertising was soft across all categories as advertisers remained cautious about the timing of an economic recovery. The accompanying graph depicts the downward trend which has occurred within the Classified and Retail advertising categories over the past three years, while the National and Preprint categories have held their own and remained relatively stable.



*2000 only includes five months of the Thomson properties, acquired August 2000.

Publishing Division operating expenses decreased \$14 million in 2002 from the prior year. While the Division continued to pursue its cost containment efforts that had been initiated in 2001, the year-over-year savings were rooted in significantly reduced newsprint prices, which were down \$17 million (25%) from the prior year. A \$121 per short ton average price decline produced almost the entire savings, with a modest 2% decline in consumption generating the remaining newsprint expense reduction. Bad debt expense was down significantly from the prior year due to favorable collection experience, but these savings were more than offset by increased employee compensation and benefit expense, the result of normal salary adjustments and increased retirement plan and health insurance costs.

The Company's share of results from The Denver Post fell \$3.3 million to a loss of \$.2 million in 2002 from income of \$3.1 million in the prior year. Excluding the one-time gain generated from the 2001 formation of the Denver Joint Operating Agreement (JOA), these results improved \$2.8 million from a 2001 adjusted loss of \$3 million. While Classified and Retail revenues were down commensurate with the industry, the driving factor that facilitated these improved comparative results was a 23% reduction in newsprint costs.

Publishing Division operating income decreased \$22 million during 2001 to \$128 million. After adjusting for the \$6.7 million positive effect of having a full year of performance from properties acquired in the previous year, most notably Thomson, as well as a \$4 million increase in the Company's share of The Denver Post's results, operating income decreased by \$33 million. Including the effect of one less week, revenue from operations owned in both years was down \$42 million (8%), while operating expenses were held below the prior year level by \$13 million. The Division felt the advertising weakness in virtually every category although Classified, down 12% due to soft employment and automotive, and Retail, down 8% due to weakness in most sectors, were most severely affected.

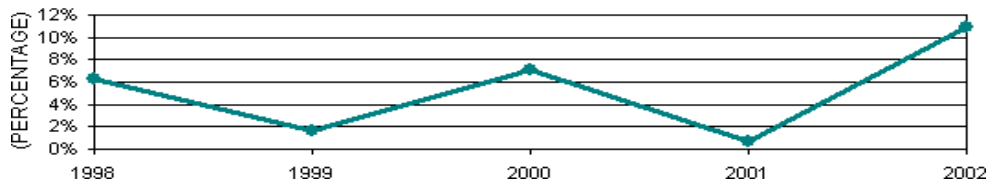
The benefit of the Division's cost control measures which were initiated in the early months of 2001, while substantial, could not overcome the severity of the advertising decline. Excluding acquisitions and aided by one less week in fiscal 2001, operating expenses were down \$13 million as compared to 2000. The measures included a hiring freeze as well as restricted travel, entertainment, marketing and promotion expense. The Division's savings were also aided by \$2.5 million of lower newsprint expense during the year. Although the \$522 average price per short ton paid during 2001 was \$35 per ton higher than 2000, reduced consumption more than offset the increased price. Consumption was reduced as a result of both lower levels of advertising and the Division's efforts at conservation, including part- and full-year effects of narrowing the width of all of the Company's daily newspapers.

The Company's 20% share of The Denver Post's results improved \$4 million during 2001, from a prior-year loss of \$.9 million to income of \$3.1 million. These results included several one-time items related to the formation of a JOA between The Denver Post and the Denver Rocky Mountain News in January 2001. The Company's share included a \$6.1 million gain resulting from an initial payment made by the Denver Rocky Mountain News, partially offset by several million dollars of initial consulting and start-up costs. The operations of the newspapers themselves suffered depressed revenue and profits along with the rest of the industry.

Broadcast

The Broadcast Division proved to be the Company's stellar performer in 2002, posting a \$31 million (64%) increase in operating income over the prior year. While advertising revenues were up across all categories aided by the Olympics early in the year, increased Political advertising made an unprecedented contribution to the Division's success in 2002. Political advertising revenues were more than eighteen times the prior-year level and supplied almost 11% of total advertising time sales. The following chart demonstrates the significance that increased Political time sales had on overall advertising time sales in 2002 as compared to the last four years (including the presidential election year of 2000).

Political Advertising Revenues as a Percentage of Total Time Sales



While robust political ad revenues stole the headlines in 2002, increases of more than \$9 million each in Local and National advertising revenues over the prior year merit mention as well. The sizeable increase in Political advertising (due primarily to hotly contested local elections, close races in the House and Senate, and issue spending) had the effect of constricting available time spots for both Local and National advertising, thereby allowing for reduced discounting as the Division found itself in a favorable supply-demand position. Local ad revenues were up on the strength of the automotive and services categories, while National advertising increases were driven by the automotive and corporate categories.

The Broadcast Division's revenue growth meaningfully exceeded that of the industry, reflecting effective pricing and management of available advertising time, a consolidated and focused national sales representative group, increased ad spending in the Southeast as compared to other regions of the country, and higher advertising shares from existing clients as the result of improved ratings. According to the Television Bureau of Advertising (the not-for-profit trade association of America's broadcast television industry), time sales across the broadcast industry have increased 10.9% year to date as of December 2002 as compared to 2001; this compared to the Company's 19.8% increase. National and Local advertising growth for the Company was 31.4% and 12.9%, respectively, well above the industry's growth of 17.1% and 7.1%.

Operating expenses increased \$9.8 million in 2002 as compared to 2001. The majority of this increase was attributable to a 6.7% rise in employee compensation and benefit expense due primarily to higher sales commissions and incentive bonuses associated with increased time sales, and to a lesser degree, increased retirement benefit costs. As a testament to the Division's continued attention to its cost containment efforts, 76 cents of each dollar of revenue growth was converted into operating profit in 2002.

Operating income in the Broadcast Division decreased 27% to \$49 million in 2001. The decline was felt almost equally at the former Spartan stations, which were owned for twelve months in 2001 versus nine months in the prior year, and at the Company's remaining operations, which were fully owned in both years. Revenue declines were the main culprit responsible for the lackluster performance, as fiscal 2001 did not benefit, as 2000 did, from major advertising for either the Olympics or political races. Additionally, the Division's revenues were adversely affected by one less week in fiscal 2001 and over four days of commercial-free airtime due to nonstop news coverage in the wake of the attacks of September 11th. National advertising, with the automotive and telecommunications categories being hardest hit, was down approximately 13%, and Political advertising was almost 90% lower than the prior year as anticipated in an odd-numbered year. The Broadcast Division's efforts to make up for National and Political advertising weakness were evident in Local advertising but fell just short of the prior year. The former Spartan stations showed similar trends.

Offsetting these revenue shortfalls were aggressive cost restraint measures. Operating expenses excluding the former Spartan stations were down almost 5% with savings coming from a hiring freeze, restricting travel and research spending, and the absence of political news coverage costs. Additional savings were achieved in programming expenses.

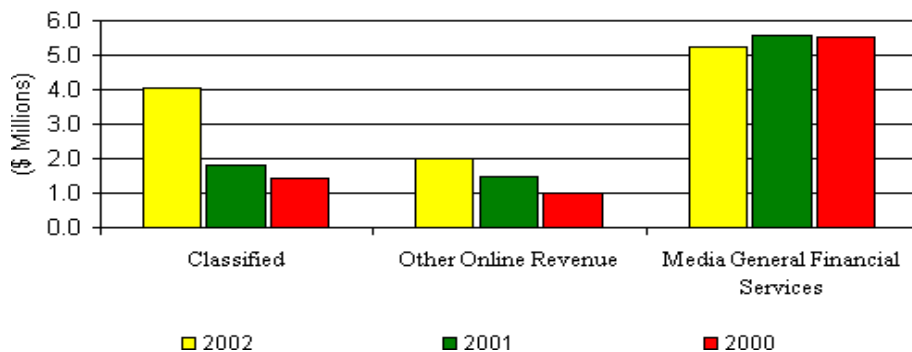
Interactive Media

The Interactive Media Division was launched January 1, 2001, to operate in conjunction with the Publishing and Broadcast Divisions to foster the Company's strategy of convergence. Amounts in 2000 have been restated to reflect this launch; however, comparisons in this year are not altogether meaningful because critical aspects of the Division's infrastructure and management did not exist prior to 2001.

Interactive Media results for 2002 and 2001 included losses and write-offs from the Company's share of certain equity and cost investments in various start-up ventures of \$5.2 million and \$6.6 million, respectively. Excluding the effect of these dot-com write-offs, the Division's loss increased to \$4.6 million in 2002 from \$2.8 million in 2001. A \$2.5 million increase in revenues from

wholly owned operations was overshadowed, as planned, by a \$4.3 million increase in expenses. This 28% year-over-year improvement in revenues was primarily attributable to vigorous Classified advertising which more than doubled in 2002 as classified up-sell arrangements with the Company's newspapers were adopted in markets across the Division. Under these up-sell arrangements, customers pay an additional fee to have their classified advertisement placed online simultaneously with its publication in the newspaper. The accompanying graph exhibits the momentum that online Classified advertising has gained over the past three years; additionally, other online revenues associated with the Division's wholly owned websites and portals showed solid growth, while Media General's Financial Services (a provider of online financial information) revenues have been weathering the burst of the dot-com bubble.

Interactive Media Revenues



With the 2001 rollout of the new Division, the Company anticipated increased losses for several years as new products were developed and acquired, new advertiser relationships were built, and the infrastructure to manage the Division was formed. Developing products and forging relationships has progressed nicely; strong divisional management has been developed, and the core infrastructure to operate the Division has been established. Consistent with the achievement of these goals, divisional operating expenses rose. The \$4.3 million increase in expenses was primarily attributable to a 36% rise in employee compensation and benefit expense related to staffing new positions to support the Division's expanded infrastructure. Additionally, in June of 2002 the Company acquired Boxerjam (a provider of multiplayer online interactive games) which contributed to the higher year-over-year expenses as anticipated developmental costs were incurred associated with the relaunch of the website in late 2002.

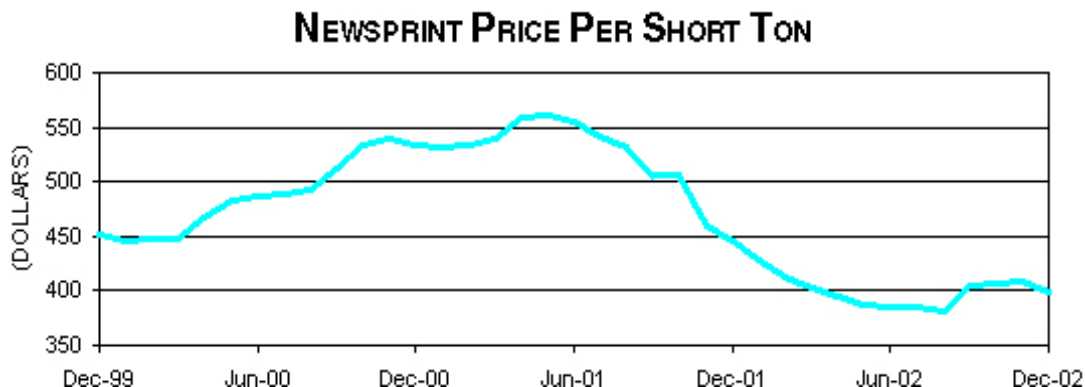
The Division registered an operating loss of \$9.3 million during 2001, which was \$5.7 million worse than 2000 despite an 11% increase in revenues. The increased revenues were attributable to a substantial increase in Banner advertising and a 28% rise in Classified advertising including the successful up-sell arrangement that was being implemented across the Division. As expected, the wholly owned portals and websites showed an increased operating loss of approximately \$1.6 million in 2001. Additionally, Media General Financial Services' profits were down 18.5% due to expense associated with the development of new stock information databases. The remainder of the increase in operating losses during the year related to investments in dot-com companies. These investments resulted in \$2.8 million of higher investment write-offs in 2001 and \$800 thousand of additional operating losses from the Company's share of investments accounted for under the equity method.

While the impact of write-offs was substantial to the Division over the past three years, the Company does not anticipate comparable future write-offs of its existing investments. To the contrary, the Company has agreed to sell its shares of Hoover's (a provider of business information) early in 2003 and expects to recognize a gain of approximately \$3.7 million (net of income taxes of \$2.1 million). Excluding the Company's investment in Hoover's, the book value of its remaining investments was approximately \$2 million at the end of 2002. The Company remains open to future investments that would complement its strategic vision of convergence.

Newsprint

The Company's results are influenced by newsprint prices in two fundamental ways. First, the Company owns a one-third interest in SP Newsprint Company (SPNC), a domestic newsprint manufacturer with a manufacturing capacity of approximately one million short tons annually. Second, newsprint expense represents a significant portion of the Publishing Division's total costs (13% in 2002 and 17% in 2001). While higher newsprint prices are beneficial to SPNC by translating into increased profits, they are detrimental to the Publishing Division by means of increased production costs. The Company's share of SPNC's annual production is approximately 330,000 short tons, which is more than twice the approximate annual consumption of its newspapers. Consequently, each \$1/ton change in newsprint selling price affects the Company's net income by approximately \$115 thousand annually. By virtue of its investment in SPNC the Company is a net producer of newsprint and therefore, a net beneficiary of higher newsprint prices.

Newsprint prices, as shown in the accompanying graph, began a gradual but fairly steady ascent throughout 2000 to just over \$570 per short ton near the end of the first quarter of 2001 and then rapidly descended to below \$385 per short ton by August of 2002. Prices hovered around \$400 per short ton throughout the remainder of 2002. The Company's share of results from SPNC over the three-year period reflected these prices with income of \$7.7 million in 2000, spiking to income of \$19.3 million in 2001, and then rapidly swinging to a loss of \$13.5 million in 2002. With newsprint prices at a twenty-year low, the Company is expecting a gradual rebound in pricing and thus improved results from SPNC in 2003.



Concurrent with its completion of the third quarter 2000 sale of Garden State Paper Company (GSP), a former newsprint subsidiary, to Enron North America Corporation (Enron), the Company entered into a seven-year financial newsprint swap agreement

with the buyer. In late November of 2001, the Company terminated the newsprint swap agreement for reasons including misrepresentations made by Enron at the time the agreement was signed. Enron filed for bankruptcy shortly thereafter. The Company believes that no further payments are due by either party under the agreement. In late July 2002 the Company received a letter from Enron disputing the Company's position. The Company responded in writing that it continues to believe that its position is correct.

Declining newsprint prices, and more importantly, their effect on forecasted future prices had an impact on the Company's newsprint swap valuation prior to its termination in 2001. The Company recorded net after-tax charges to Other Comprehensive Income (OCI) of \$19 million in 2001, representing the decline in estimated fair value of the newsprint-based derivative based on these forecasted newsprint prices. Additionally, the Company recorded a pre-tax, non-cash loss of approximately \$5.5 million in 2001, compared to income of \$1.5 million in 2000, related primarily to the decrease in the estimated fair value of that portion of the contract not designated as a hedge.

Interest Expense

Interest expense decreased \$6.4 million to \$47.9 million in 2002 due almost entirely to an \$87 million decline in average debt outstanding. Conversely, interest expense increased \$12 million to \$54 million during 2001. This increase was due to a \$225 million increase in average debt outstanding combined with the full-year impact of acquisitions financed with debt in 2000, partially offset by a decrease in the Company's effective interest rate to an average of less than 7% (the result of interest rate reductions throughout 2001 and the Company's reduced leverage ratios.)

Upon the January 2001 adoption of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, the Company had four interest rate swaps with notional amounts totaling \$300 million. During 2001 the Company entered into two additional swaps totaling \$150 million in notional amount, while one swap with a \$75 million notional amount matured. During 2002 an additional interest rate swap with a notional amount of \$100 million matured and the Company entered into four forward-starting swaps. At the close of the year, the Company had four interest rate swaps with notional amounts totaling \$275 million and maturities in February and March of 2003, as well as four forward-starting interest rate swaps (which begin as the other swaps mature) with notional amounts totaling \$200 million and maturities in 2004 and 2005. In accordance with the standard, the fair value of these swaps was recorded as a \$7.5 million liability as of the end of the year with all offsetting amounts, net of deferred taxes, included in OCI.

These swaps are part of an overall interest-rate risk management strategy designed to manage interest cost and risk associated with variable interest rates, primarily short-term changes in LIBOR. These instruments are not intended to be traded for profit or loss. They are cash flow hedges that effectively converted the covered portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate approximating 7.1% at December 29, 2002. As the four forward-starting interest rate swaps (with notional amounts of \$50 million each) become effective, they will result in an effective interest rate of just under 5% on \$200 million of debt. Additionally, during 2001 the Company issued \$200 million in five-year senior notes with a fixed coupon rate of 6.95%. Because of the interest rate swaps, if short-term interest rates were to be either higher or lower by one percentage point throughout 2003, and assuming the Company's interest rate swap agreements continue through the year as described above and long-term debt remains unchanged from year end, the Company's interest expense and income before taxes would change by approximately \$2 million. This amount was determined by considering the impact of the hypothetical interest rates on the Company's borrowing cost, short-term investment balances, and interest rate swap agreements.

Income Taxes

The Company's effective tax rate on income from continuing operations was approximately 39%, 42% and 38% in 2002, 2001 and 2000. The decrease in 2002's tax rate was largely due to the impact of ceasing to amortize indefinite-lived intangibles due to the previously mentioned adoption of the new standard on goodwill and intangible assets. The increase in 2001's tax rate was primarily due to non-deductible items that had a proportionately greater impact due to that year's lower pretax income.

LIQUIDITY

The Company utilizes various forms of financing in order to provide it with appropriate funding and liquidity. As of December 29, 2002, the Company had the following obligations:

(In millions)	Payments Due By Periods				
	Total	Less than 1 year	1 – 2 years	3 – 4 years	After 4 years
Contractual obligations					
Long-term debt & cap. leases:					
Revolving credit facility	\$ 430.0	\$ —	\$ —	\$ 430.0	\$ —
Universal shelf-registration	199.9	—	—	199.9	—
Other	13.0	13.0	—	—	—
Operating leases	21.0	4.4	5.9	3.4	7.3
Broadcast film rights	48.5	31.2	10.4	6.9	—
Variable interest entities	99.5	—	—	99.5	—
Total obligations	\$ 811.9	\$ 48.6	\$ 16.3	\$ 739.7	\$ 7.3

The Company has in place a \$1 billion revolving credit facility and a universal shelf registration which allows for combined public debt or equity totaling \$1.2 billion (together the "Facilities"). At the end of 2002 there were \$199.9 million in senior notes outstanding under the universal shelf. Additionally, the Company leases facilities valued at approximately \$99.5 million which it occupies in Tampa and Richmond and which are not on its balance sheet as of the end of 2002. These facilities are owned by variable interest entities (VIE) which have granted the Company options to buy the facilities at cost; the Company has guaranteed recovery of a portion (85%) of the VIE's cost. Leasing these buildings provides the Company with a lower cost alternative to purchasing the buildings. The FASB issued Interpretation 46, *Consolidation of Variable Interest Entities*, in January 2003. The Company will implement this standard at the beginning of its third quarter in 2003. While the Company continues to study the effect of the Interpretation, it does expect, at a minimum, that it will consolidate these VIEs which will result in the addition to the Balance Sheet of approximately \$100 million of fixed assets and liabilities.

The Facilities carry cross-default provisions between the revolving credit and the senior notes. The revolving credit has both an interest coverage and a leverage covenant. These covenants which involve debt levels, interest expense, and EBITDA (a measure of cash earnings as defined in the revolving credit agreement), can affect the Company's maximum borrowing capacity under the Facilities. A significant drop in the Company's EBITDA or a large increase in the Company's debt level could make meeting the leverage ratio challenging. However, the Company was in compliance with all covenants throughout the year and expects to remain in compliance going forward, including when it consolidates VIEs. The Facilities are currently guaranteed by the Company's subsidiaries.

Net cash provided by operating activities increased nearly 40% to \$173 million most of which was used to pay down long-term debt (\$134 million). Furthermore, when coupled with other cash inflows, it also enabled the Company to make capital expenditures of \$33 million and pay dividends to its shareholders of \$17 million. The Company has made significant progress in converting all of its TV stations to digital broadcasting; the Company expects that it will further spend approximately \$40 million over the next 4 years to complete this project. As noted, the Company has agreed to sell its shares of Hoover's, a provider of business information, and expects that it will generate a net cash inflow, after tax, of nearly \$15 million in the first quarter of 2003.

Until recent years, the investment performance of assets within the Company's retirement plan trust had been such that the Company was not required to make contributions to the plan. However, during the past three years both the plan's investment market values and rates of return have declined; discount rates have dropped as well. Combining these changes with the continued payment of retirement benefits to plan participants during this and future periods, the Company believes that it is likely that it will begin making contributions starting with the 2003 plan year. While the amount of contribution will directly depend upon future changes in investment values, rates of return, discount rates, plan benefits and design, among other factors, the Company believes that annual contributions could average as much as \$18 to \$24 million over the next five-year period in the absence of meaningful market improvement.

Adjusting for the payment of taxes in 2000 on the sale of the Company's cable division, the Company's cash provided from operations has ranged from approximately \$124 million to \$173 million over each of the past three years. The Company believes that internally generated funds provided by operations and the unused portion of the Facilities provide it with significant flexibility to manage working capital needs, pay dividends, finance capital expenditures, make pension contributions, and take advantage of new strategic opportunities.

OUTLOOK FOR 2003

While repercussions from a challenged 2001 economy reverberated throughout 2002, the Company ended the year in a position of strength with all of its Divisions showing fourth quarter revenue improvement. The Company plans to build on this improvement; however, several factors will impact, both negatively and positively, the Company's 2003 comparative performance including expected higher newsprint prices and the virtual absence of political advertising revenues. While higher year-over-year newsprint prices are expected to increase the Publishing Division's expenses, these same higher prices should meaningfully improve the profitability of the Company's investment in SPNC and thus favorably impact the Company's consolidated profitability. Expectations for 2003 also include lower interest expense as well as the sale of the Company's equity in Hoover's, both of which should contribute to producing improved 2003 results. Additionally, the Company believes it is well-positioned to react quickly to strategic opportunities that may arise when, as expected, the FCC cross-ownership and duopoly regulations are eliminated or modified.

* * * * *

Certain statements in this annual report that are not historical facts are "forward-looking" statements, as that term is defined by the federal securities laws. Forward-looking statements include statements related to pending transactions, critical accounting estimates and assumptions, the impact of new accounting standards and the Internet, and expectations regarding newsprint prices,

pension contributions, advertising levels and the effects of changes to FCC regulations. Forward-looking statements, including those which use words such as the Company “believes,” “anticipates,” “expects,” “estimates,” “intends” and similar words, are made as of the date of this filing and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

Some significant factors that could affect actual results include: changes in advertising demand, the availability and pricing of newsprint, changes in interest rates, the performance of pension plan assets, regulatory rulings and the effects of acquisitions, investments and dispositions on the Company’s results of operations and its financial condition.

MEDIA GENERAL, INC., MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Primary responsibility for the integrity and objectivity of the Company's financial statements rests with Management. The financial statements report on Management's stewardship of Company assets. They are prepared in conformity with accounting principles generally accepted in the United States, and accordingly include amounts that are based on Management's informed estimates and judgments. Nonfinancial information included in the annual report has also been prepared by Management and is consistent with the financial statements.

Media General, Inc., maintains an accounting system and related controls designed to provide reasonable assurance that there is proper authorization and accounting for all transactions, that financial records are reliable for preparing financial statements, and that assets are safeguarded against loss or unauthorized use. The system is supported by written policies and guidelines, a program of internal audit and the selection and training of qualified personnel.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets periodically with Management, internal auditors and the independent auditors to review their respective activities and the discharge of their responsibilities.

Media General operates under a strict Code of Ethics that all employees are required to follow without exception. The Code requires ethical standards in all of the Company's relationships, including those with customers, suppliers and government agencies.

January 24, 2003

J. Stewart Bryan III
Chairman and
Chief Executive Officer

Marshall N. Morton
Vice Chairman and
Chief Financial Officer

O. Reid Ashe Jr.
President and
Chief Operating Officer

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders, Media General, Inc.

We have audited the accompanying consolidated balance sheets of Media General, Inc., as of December 29, 2002, and December 30, 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 29, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Media General, Inc., at December 29, 2002, and December 30, 2001, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 29, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and certain other indefinite-lived intangible assets to comply with the accounting provisions of Statement of Financial Accounting Standards No. 142.

As discussed in Note 5 to the consolidated financial statements, in 2001 the Company changed its method of accounting for derivative instruments and hedging activities to comply with the accounting provisions of Statement of Financial Accounting Standards No. 133.

January 24, 2003
Richmond, Virginia

Ernst & Young LLP

Media General, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Fiscal Years Ended		
	December 29, 2002	December 30, 2001	December 31, 2000 (53 weeks)
Revenues	\$ 836,800	\$ 807,176	\$ 830,601
Operating costs:			
Production	347,428	354,740	343,949
Selling, general and administrative	275,677	265,990	261,272
Depreciation and amortization	65,495	113,732	101,547
Total operating costs	688,600	734,462	706,768
Operating income	148,200	72,714	123,833
Other income (expense):			
Interest expense	(47,874)	(54,247)	(42,558)
Investment income (loss) - unconsolidated affiliates	(14,129)	19,949	5,131
Other, net	1,953	(7,470)	16,520
Total other income (expense)	(60,050)	(41,768)	(20,907)
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	88,150	30,946	102,926
Income taxes	34,731	13,022	39,369
Income from continuing operations before cumulative effect of change in accounting principle	53,419	17,924	63,557
Discontinued operations:			
Loss from discontinued operations (net of income tax benefit of \$2,471)	—	—	(4,350)
Gain (loss) on sale of operations (net of income taxes of \$160 in 2001 and income tax benefit of \$2,604 in 2000)	—	280	(5,488)
Cumulative effect of change in accounting principle (net of income tax benefit of \$12,188)	(126,336)	—	—
Net income (loss)	\$ (72,917)	\$ 18,204	\$ 53,719
Earnings (loss) per common share:			
Income from continuing operations before cumulative effect of change in accounting principle	\$ 2.33	\$ 0.79	\$ 2.66
Income (loss) from discontinued operations	—	0.01	(0.41)
Cumulative effect of change in accounting principle	(5.51)	—	—
Net income (loss)	\$ (3.18)	\$ 0.80	\$ 2.25
Earnings (loss) per common share - assuming dilution:			
Income from continuing operations before cumulative effect of change in accounting principle	\$ 2.30	\$ 0.78	\$ 2.63
Income (loss) from discontinued operations	—	0.01	(0.41)

Cumulative effect of change in accounting principle		(5.44)		—		—
Net income (loss)	\$	(3.14)	\$	0.79	\$	2.22

Notes to Consolidated Financial Statements begin on page 30.

Media General, Inc.

CONSOLIDATED BALANCE SHEETS

(In thousands, except shares and per share amounts)

ASSETS

	<u>December 29, 2002</u>	<u>December 30, 2001</u>
Current assets:		
Cash and cash equivalents	\$ 11,279	\$ 9,137
Accounts receivable (less allowance for doubtful accounts 2002 - \$6,778; 2001 - \$8,085)	112,399	112,431
Inventories	4,101	4,860
Other	32,773	36,610
	<u>160,552</u>	<u>163,038</u>
Investments in unconsolidated affiliates	93,370	114,588
Other assets	68,140	71,308
	<u>68,140</u>	<u>71,308</u>
Property, plant and equipment, at cost:		
Land	32,002	30,458
Buildings	182,945	168,625
Machinery and equipment	489,648	463,250
Construction in progress	7,062	29,125
Accumulated depreciation	(338,938)	(305,542)
	<u>372,719</u>	<u>385,916</u>
Net property, plant and equipment	372,719	385,916
Excess of cost over fair value of net identifiable assets of acquired businesses	832,004	933,957
FCC licenses and other intangibles	820,226	865,252
	<u>820,226</u>	<u>865,252</u>
Total assets	<u>\$ 2,347,011</u>	<u>\$ 2,534,059</u>

Notes to Consolidated Financial Statements begin on page 30.

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 29, 2002	December 30, 2001
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable	\$ 20,967	\$ 19,909
Accrued expenses and other liabilities	88,646	80,588
Income taxes payable	1,888	—
	<u> </u>	<u> </u>
Total current liabilities	111,501	100,497
	<u> </u>	<u> </u>
Long-term debt	642,937	777,662
	<u> </u>	<u> </u>
Deferred income taxes	345,178	350,854
	<u> </u>	<u> </u>
Other liabilities and deferred credits	188,141	141,378
	<u> </u>	<u> </u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock (\$5 cumulative convertible), par value \$5 per share: Authorized 5,000,000 shares; none outstanding		
Common stock, par value \$5 per share:		
Class A, authorized 75,000,000 shares; issued 22,652,466 and 22,420,065 shares	113,262	112,100
Class B, authorized 600,000 shares; issued 555,992 and 556,574 shares	2,780	2,783
Additional paid-in capital	18,504	10,006
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on equity securities	3,607	(1,953)
Unrealized loss on derivative contracts	(14,462)	(19,060)
Minimum pension liability	(35,924)	—
Unearned compensation	(5,506)	(6,780)
Retained earnings	976,993	1,066,572
	<u> </u>	<u> </u>
Total stockholders' equity	1,059,254	1,163,668
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 2,347,011	\$ 2,534,059
	<u> </u>	<u> </u>

Notes to Consolidated Financial Statements begin on page 30.

Media General, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share amounts)

	Class A Shares	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Retained Earnings	Total
		Class A	Class B					
Balance at December 26, 1999	25,911,614	\$ 129,558	\$ 2,783	\$ 3,040	\$ 7,392	\$ (2,973)	\$ 1,191,102	\$ 1,330,902
Net income		—	—	—	—	—	53,719	53,719
Unrealized loss on equity securities (net of deferred tax benefit of \$6,346)		—	—	—	(10,873)	—	—	(10,873)
Comprehensive income								42,846
Cash dividends (\$0.64 per share)		—	—	—	—	—	(15,299)	(15,299)
Stock purchase and retirement	(3,890,136)	(19,451)	—	(7,819)	—	—	(165,547)	(192,817)
Exercise of stock options	136,969	685	—	3,338	—	—	—	4,023
Stock issuance under dividend reinvestment plan	5,723	29	—	225	—	—	—	254
Income tax benefits relating to restricted shares and exercised options		—	—	1,478	—	—	—	1,478
Amortization and forfeitures of unearned compensation	(6,100)	(31)	—	(262)	—	828	—	535
Balance at December 31, 2000	22,158,070	110,790	2,783	—	(3,481)	(2,145)	1,063,975	1,171,922
Net income		—	—	—	—	—	18,204	18,204
Unrealized gain on equity securities (net of deferred taxes of \$871)		—	—	—	1,528	—	—	1,528
Unrealized loss on derivative contracts (net of deferred tax benefit of \$10,771)		—	—	—	(19,060)	—	—	(19,060)
Comprehensive income								672
Cash dividends (\$0.68 per share)		—	—	—	—	—	(15,607)	(15,607)
Exercise of stock options	141,250	706	—	3,435	—	—	—	4,141
Stock issuance under:								
Restricted stock plan	114,900	575	—	5,333	—	(5,908)	—	—
Divided reinvestment plan	5,845	29	—	229	—	—	—	258
Income tax benefits relating to restricted shares and exercised options		—	—	1,009	—	—	—	1,009
Amortization of unearned compensation		—	—	—	—	1,273	—	1,273
Balance at December 30, 2001	22,420,065	112,100	2,783	10,006	(21,013)	(6,780)	1,066,572	1,163,668
Net loss		—	—	—	—	—	(72,917)	(72,917)
Unrealized gain on equity securities (net of deferred taxes of \$3,168)		—	—	—	5,560	—	—	5,560
Unrealized gain on derivative contracts (net of deferred taxes of \$2,552)		—	—	—	4,598	—	—	4,598
Minimum pension liability (net of deferred tax benefit of \$20,500)		—	—	—	(35,924)	—	—	(35,924)

Comprehensive loss								(98,683)
Cash dividends (\$0.72 per share)		—	—	—	—	—	(16,662)	(16,662)
Stock purchase and retirement	(22,494)	(112)	—	(1,020)	—	—	—	(1,132)
Exercise of stock options	250,694	1,253	—	6,920	—	—	—	8,173
Exchange of common stock	582	3	(3)	—	—	—	—	—
Stock issuance under dividend reinvestment plan	3,619	18	—	180	—	—	—	198
Income tax benefits relating to restricted shares and exercised options		—	—	2,418	—	—	—	2,418
Amortization of unearned compensation		—	—	—	—	1,274	—	1,274
Balance at December 29, 2002	22,652,466	\$ 113,262	\$ 2,780	\$ 18,504	\$ (46,779)	\$ (5,506)	\$ 976,993	\$ 1,059,254

Notes to Consolidated Financial Statements begin on page 30.

Media General, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Fiscal Years Ended		
	December 29, 2002	December 30, 2001	December 31, 2000 (53 weeks)
Cash flows from operating activities:			
Net income (loss)	\$ (72,917)	\$ 18,204	\$ 53,719
Adjustments to reconcile net income:			
Cumulative effect of change in accounting principle	126,336	—	—
Depreciation	46,693	47,047	47,532
Amortization	18,802	66,685	57,761
Deferred income taxes	18,078	1,340	3,327
Provision for doubtful accounts	3,902	7,966	4,751
Investment (income) loss - unconsolidated affiliates	14,129	(19,949)	(5,131)
Distribution from unconsolidated affiliates	4,100	—	3,400
Write-down of investments	4,793	4,151	1,310
Net (gain) loss on disposition of Garden State Paper	—	(280)	13,774
Net gain on disposition of Cable operations	—	—	(8,286)
	<u>163,916</u>	<u>125,164</u>	<u>172,157</u>
Change in assets and liabilities:			
Accounts receivable and inventories	(3,111)	(694)	(13,457)
Accounts payable, accrued expenses and other liabilities	10,434	(8,914)	(9,513)
Income taxes payable	2,927	(1,092)	(516,812)
Other, net	(1,548)	9,845	(4,981)
	<u>172,618</u>	<u>124,309</u>	<u>(372,606)</u>
Net cash provided (used) by operating activities	<u>172,618</u>	<u>124,309</u>	<u>(372,606)</u>
Cash flows from investing activities:			
Capital expenditures	(33,280)	(54,373)	(42,873)
Purchase of businesses	(1,124)	(1,766)	(857,570)
Proceeds from disposition of Garden State Paper	—	—	76,623
Proceeds from disposition of Cable operations	—	—	10,063
Proceeds from sale of other businesses	—	—	3,825
Proceeds from short-term investments - net	—	—	390,748
Other investments	(1,633)	(4,852)	(12,283)
Other, net	5,547	4,420	255
	<u>(30,490)</u>	<u>(56,571)</u>	<u>(431,212)</u>
Net cash used by investing activities	<u>(30,490)</u>	<u>(56,571)</u>	<u>(431,212)</u>
Cash flows from financing activities:			
Increase in debt	251,000	1,236,882	1,095,000
Repayment of debt	(385,091)	(1,281,302)	(333,333)
Debt issuance costs	—	(12,211)	—
Stock repurchase	—	(2,120)	(192,692)
Cash dividends paid	(16,662)	(15,607)	(15,299)
Proceeds from stock options exercised	8,173	4,141	4,023
Other, net	2,594	1,212	1,225

Net cash (used) provided by financing activities	(139,986)	(69,005)	558,924
Net increase (decrease) in cash and cash equivalents	2,142	(1,267)	(244,894)
Cash and cash equivalents at beginning of year	9,137	10,404	255,298
Cash and cash equivalents at end of year	\$ 11,279	\$ 9,137	\$ 10,404

Notes to Consolidated Financial Statements begin on page 30.

Media General, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Fiscal year

The Company's fiscal year ends on the last Sunday in December. Results for 2002 and 2001 are for the 52-week periods ended December 29, 2002, and December 30, 2001, respectively; results for 2000 are for the 53-week period ended December 31, 2000.

Principles of consolidation

The accompanying financial statements include the accounts of Media General, Inc., and subsidiaries more than 50% owned (the Company). All significant intercompany balances and transactions have been eliminated. The equity method of accounting is used for investments in other companies in which the Company has significant influence; generally, this represents investments comprising 20 to 50 percent of the voting stock of companies and certain partnership interests. All other investments are generally accounted for using the cost method.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Presentation

Certain prior-year financial information has been reclassified to conform with the current year's presentation.

Revenue recognition

The Company's principal sources of revenue are the sale of advertising in newspapers, the sale of newspapers to individual subscribers and distributors, and the sale of airtime on television stations. In addition, the Company sells advertising on its newspaper and television websites and portals, and derives revenues from the sale of financial data to third parties who publish it on the Internet. Advertising revenue is recognized when advertisements are published, aired or displayed, or when related advertising services are rendered. Subscription revenue is recognized on a pro-rata basis over the term of the subscription. Revenue from the sale of online financial data is recognized pro-rata over the term of the contract subject to adjustment, in certain circumstances, for usage volume. Amounts received from customers in advance are deferred until earned.

Cash, cash equivalents and short-term investments

Cash in excess of current operating needs is invested in various short-term instruments carried at cost that approximates fair value. Those short-term investments having an original maturity of three months or less are classified in the balance sheet as cash equivalents. In 2000 the Company earned interest income of \$8.3 million on investments in highly-rated commercial paper and United States Government securities. This amount is included in the line item "Other, net" on the Consolidated Statements of Operations.

Derivatives

All derivatives are recognized as either assets or liabilities on the balance sheet at fair value. If a derivative is a hedge, a change in its fair value is either offset against the change in the fair value of the hedged item through earnings, or recognized in Other Comprehensive Income (OCI) until the hedged item is recognized in earnings. Any difference between fair value of the hedge and the item being hedged, known as the ineffective portion, is immediately recognized in earnings in the line item "Other, net" during the period of change. For derivative instruments that are designated as cash flow hedges, the effective portion of the change in value of the derivative instrument is reported as a component of the Company's OCI and is reclassified into earnings (interest expense for interest rate swaps and newsprint expense for newsprint swaps) in the same period or periods during which the hedged transaction affects earnings. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the Company's current earnings during the period of change. Derivative instruments are carried at fair value on the Consolidated Balance Sheets in

the applicable line item “Other assets” or “Other liabilities and deferred credits”.

Concentrations of credit risk

Media General is a diversified communications company which sells products and services to a wide variety of customers located principally in the southeastern United States. The Company’s trade receivables result from its publishing, broadcast and interactive media operations. The Company routinely assesses the financial strength of significant customers, and this assessment, combined with the large number and geographic diversity of its customer base, limits its concentration of risk with respect to trade receivables.

Inventories

Inventories consist principally of raw materials (primarily newsprint) and broadcast equipment, and are valued at the lower of cost or market. The value of newsprint inventories and broadcast equipment is determined by the first-in, first-out, and specific identification methods, respectively.

Broadcast film rights

Broadcast film rights consist principally of rights to broadcast syndicated programs, sports and feature films and are stated at the lower of cost or estimated net realizable value. Program rights and the corresponding contractual obligations are recorded as other assets (based upon the expected use in succeeding years) and as other liabilities (in accordance with the payment terms of the contract) in the Consolidated Balance Sheets when programs become available for use. Generally, program rights of one year or less are amortized using the straight-line method; program rights of longer duration are amortized using an accelerated method.

Property and depreciation

Plant and equipment are depreciated, primarily on a straight-line basis, over their estimated useful lives which are generally 40 years for buildings and range from 3 to 20 years for machinery and equipment. Depreciation deductions are computed by accelerated methods for income tax purposes. Major renovations and improvements and interest expense incurred during the construction period of major additions are capitalized. Expenditures for maintenance, repairs and minor renovations are charged to expense as incurred.

Intangible and other long-lived assets

When indicators of impairment are present, management evaluates the recoverability of long-lived tangible and finite-lived intangible assets by reviewing current and projected profitability using undiscounted cash flows of such assets. Annually, or more frequently if impairment indicators are present, management evaluates the recoverability of indefinite-lived intangibles by reporting unit using estimated discounted cash flows to determine their fair value.

Intangibles consist of goodwill (which is the excess of purchase price over the net assets of businesses acquired), FCC licenses, subscriber lists, network affiliations, other broadcast intangibles, intellectual property, and trademarks. Prior to adoption of SFAS No. 142, most goodwill was being amortized by the straight-line method over periods not exceeding 40 years; FCC licenses and other intangibles were being amortized by the straight-line method over periods ranging from 3 to 40 years. With the adoption of SFAS No. 142, finite-lived intangibles continue to be amortized by the straight-line method over periods ranging from 1 to 12 years. Internal use software is amortized on a straight-line basis over its estimated useful life, not to exceed 5 years.

Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns.

Comprehensive income

The Company's comprehensive income consists of net income, minimum pension liability adjustments, unrealized gains and losses on certain investments in equity securities, and changes in the value of derivative contracts as well as the Company's share of OCI from its investments accounted for under the equity method.

Stock-based compensation

The Company's three stock-based employee compensation plans, which are described more fully in Note 8, are accounted for in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. Under APB 25, no compensation expense is recorded because the exercise price of employee stock options equals the market price of the underlying stock on the date of grant. The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation. The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2002, 2001 and 2000, respectively: risk-free interest rates of 4.91%, 5.25%, and 6.71%; dividend yields of 1.33%, 1.26% and 1.26%; volatility factors of .48, .48 and .33; and an expected life of 8 years.

	Years Ended		
	2002	2001	2000
<i>(In thousands, except per share amounts)</i>			
Net income (loss), as reported	\$ (72,917)	\$ 18,204	\$ 53,719
Deduct: total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(4,458)	(2,527)	(1,752)
Pro forma net income (loss)	\$ (77,375)	\$ 15,677	\$ 51,967
Earning (loss) per share:			
Basic—as reported	\$ (3.18)	\$ 0.80	\$ 2.25

Basic—pro forma	\$ (3.37)	\$ 0.69	\$ 2.17
Diluted—as reported	\$ (3.14)	\$ 0.79	\$ 2.22
Diluted—pro forma	\$ (3.33)	\$ 0.68	\$ 2.15

(31)

New accounting pronouncements

In December 2002 the FASB issued Statement No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure* that amended SFAS No. 123, *Accounting for Stock-Based Compensation*. This Statement provides alternative transition methods for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require more prominent disclosures about the method of accounting for stock-based employee compensation and the effect of the method used on reported results in both annual and interim financial statements. The Company does not currently intend to change to the fair value method but has reformatted its existing disclosures to conform with the disclosure provisions of the standard beginning with this report.

In January 2003 the FASB issued FASB Interpretation 46, *Consolidation of Variable Interest Entities*. In general, the Interpretation requires that the assets, liabilities, and results of the activity of a Variable-Interest Entity (VIE) be consolidated into the financial statements of the enterprise that has the controlling financial interest. Companies with VIEs that existed prior to issuance of the proposed interpretation would be required to apply the guidance to existing VIEs for the first fiscal period beginning after June 15, 2003. While the Company continues to study the effect this proposed interpretation will have on its financial position and results of operations, it does expect that, at a minimum, it will consolidate certain VIEs which own buildings and other facilities leased to the Company (more fully described in Note 11), resulting in approximately \$100 million of additional fixed assets and debt.

In August 2001 the FASB issued Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of*, and the accounting and reporting provision of APB Opinion No. 30, *Reporting the Results of Operations* for a disposal of a segment of a business. The Company adopted SFAS No. 144 in fiscal 2002; adoption of the statement had no material impact on its financial position or results of operations.

Note 2: Intangible Assets

Effective with the beginning of 2002, the Company adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. This statement established a new accounting standard for goodwill and certain other indefinite-lived intangible assets. It also established a new method of testing those assets for value impairment. It continued to require recognition of these items as assets but amortization as previously required by APB Opinion No. 17, *Intangible Assets*, ceased upon adoption in fiscal 2002. It also required that these assets be separately tested for impairment annually, or more frequently if impairment indicators arise, at the reporting-unit level using a fair-value-based approach. A reporting unit is defined as an operating segment or one level below an operating segment. The provisions of this statement apply not only to balances arising from acquisitions completed after June 30, 2001, but also to the unamortized balances at the date of adoption. Intangible assets that have finite lives continue to be amortized over their useful life.

At December 30, 2001 (prior to adoption), the Company had net goodwill of \$934 million and other intangibles of \$865 million. The other intangibles consisted of FCC licenses, network affiliations, assembled workforce, subscriber lists and other broadcast intangibles. Based on provisions in the standard, assembled workforce (approximating \$4 million) was combined into goodwill and the useful lives of goodwill, FCC licenses and network affiliations were determined to be indefinite; accordingly, their amortization ceased. Subscriber lists and other broadcast intangibles were determined to have finite lives. These lives were reevaluated and remained unchanged. The indefinite-lived intangibles were evaluated for impairment by reporting unit, using estimated discounted cash flows to determine their fair value. Poor economic conditions in 2001 led to reduced expectations for cash flows in future years. This resulted in an impairment loss of \$126.3 million (net of a \$12.2 million tax benefit), reported as a cumulative effect of change in accounting principle in the 2002 financial statements. This impairment loss was attributable to goodwill, network affiliations and FCC licenses in the Broadcast Segment reporting units of \$106.2 million, \$12.4 million and \$7.7 million, respectively.

The following summary presents the Company's consolidated net loss and diluted earnings (loss) per share for the year ended December 29, 2002, and its pro forma consolidated adjusted net income and diluted earnings per share for the years ended December 30, 2001, and December 31, 2000, as if SFAS No. 142's amortization provisions had been in effect for the periods presented:

<i>(In thousands, except per share amounts)</i>	Years Ended					
	December 29, 2002		(pro forma) December 30, 2001		(pro forma) December 31, 2000	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income before cumulative effect of change in accounting principle	\$ 53,419	\$ 2.30	\$ 18,204	\$ 0.79	\$ 53,719	\$ 2.22
Add back:						
Goodwill amortization (including assembled workforce)	—	—	20,865	0.91	15,352	0.64
FCC licenses and other intangibles amortization	—	—	13,233	0.58	11,600	0.48
Adjusted net income before cumulative effect of change in accounting principle	53,419	2.30	52,302	2.28	80,671	3.34
Cumulative effect of change in accounting principle	(126,336)	(5.44)	—	—	—	—
Adjusted net income (loss)	\$ (72,917)	\$ (3.14)	\$ 52,302	\$ 2.28	\$ 80,671	\$ 3.34

Amortization of these intangibles was \$11.9 million in 2002; amortization of goodwill and FCC licenses and other intangibles was \$60.5 million and \$52.6 million in 2001 and 2000. Currently, intangibles amortization expense is projected to be approximately \$12 million each year through 2006, decreasing to approximately \$11.5 million in 2007. The following table shows the gross carrying amount and accumulated amortization for intangible assets as of December 29, 2002, and December 30, 2001:

<i>(In thousands)</i>	As of December 29, 2002		As of December 30, 2001	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizing intangible assets (including advertiser, programming and subscriber relationships):				
Broadcast	\$ 103,408	\$ 35,877	\$ 103,408	\$ 27,277
Publishing	34,281	17,463	34,281	14,445
Interactive Media	2,289	315	—	—
Total	\$ 139,978	\$ 53,655	\$ 137,689	\$ 41,722
Indefinite-lived intangible assets:				
Goodwill (including assembled workforce):				
Broadcast	\$ 195,173	—	\$ 300,692	—
Publishing	636,831	—	636,831	—
Total goodwill	832,004	—	937,523	—
FCC licenses	558,021	—	570,217	—
Network affiliations	175,793	—	195,502	—
Trademarks	89	—	—	—
Total	\$ 1,565,907	—	\$ 1,703,242	—

Note 3: Acquisitions, Dispositions and Discontinued Operations

The Company has completed several acquisitions over the past few years. All of these transactions were accounted for as purchases and have been included in the Company's consolidated results of operations since their respective dates of acquisition. Purchase price has been allocated to the assets acquired based on appraisals of estimated fair values. The excess of the purchase price over the fair market value of the tangible net assets acquired was allocated to FCC licenses, other identifiable intangibles, and excess cost over net assets acquired (goodwill) and, through December 30, 2001, was being amortized on a straight-line basis over periods ranging from 3 to 40 years. In accordance with the 2002 adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, amortization of indefinite-lived intangibles ceased. See Note 2 for a complete discussion of the adoption of this standard.

In March 2000 the Company acquired the common stock of Spartan Communications, Inc. (Spartan); the transaction included 13 network-affiliated television stations. The total consideration approximated \$610 million (net of approximately \$9 million of transaction costs and \$5 million cash received). Approximately \$500 million of the purchase price was funded with borrowings under a \$1.2 billion revolving credit facility which was in place at that time; concurrent with this acquisition, the Company entered into several new interest rate swap agreements as part of an overall risk management strategy (see Note 5). Approximately \$540 million of the purchase price was allocated to FCC licenses and other identifiable intangibles and \$129 million to goodwill. If the acquisition had occurred at the beginning of 2000, the Company's unaudited pro forma consolidated results of operations would have been as follows: revenues of \$853.1 million, income from continuing operations before extraordinary item of \$58 million (\$2.42 per share, or \$2.40 per share – assuming dilution), and net income of \$48.1 million (\$2.01 per share, or \$1.99 per share – assuming dilution). Certain Spartan items have been reclassified to conform with Media General's presentation. This pro forma information is presented for informational purposes only and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results.

In August 2000 the Company acquired, for approximately \$238 million, the assets of certain newspaper groups of Thomson Newspapers, located in South Carolina and Alabama. This transaction was also funded with borrowings under the Company's \$1.2 billion revolving credit facility. Additionally, in June 2000 the Company acquired a group of weekly newspapers in southwestern Virginia from Family Community Newspapers of Southwest Virginia, Inc., for approximately \$9 million. The portion of the purchase price for these acquisitions allocated to identifiable intangibles (principally subscriber lists) was \$6 million and to goodwill was \$223 million. Pro forma information for these acquisitions has not been provided because such information would not differ significantly from the results discussed above.

In September 2000 the Company sold Garden State Paper (GSP) to an affiliate of Enron North America Corporation for approximately \$76.6 million, including working capital. The Company recorded a loss of \$13.8 million (net of income tax benefit of \$6.2 million in fiscal 2000); in the third quarter of 2001, a favorable adjustment resulted in a gain of \$280 thousand (net of income taxes of \$160 thousand) as no indemnity claims had been filed by Enron within the stipulated one-year period. The transaction also included a seven-year, financial fixed-price newsprint swap agreement (see Note 11). Concurrent with the sale, the Company retired \$20 million of 7.125% municipal revenue bonds.

In October 1999 the Company sold its cable operations to Cox Communications, Inc., for approximately \$1.4 billion in cash, at which time the Company recorded a gain of \$799 million (net of income taxes of \$510 million). In the second quarter of 2000, final post-closing adjustments related to this sale resulted in an additional gain of \$8.3 million (net of income taxes of \$3.6 million).

The results of GSP have been presented as a loss from discontinued operations in the accompanying consolidated statements of operations for the fiscal year ended December 31, 2000, as follows: revenues of \$55.7 million, costs and expenses of \$62.5 million, and loss from discontinued operations of \$4.4 million (net of a \$2.5 million tax benefit).

Note 4: Investments in Unconsolidated Affiliates

The Company's investments include a one-third partnership interest in SP Newsprint Company (SPNC), a domestic newsprint manufacturer, and a 20% interest in the Denver Post Corporation (Denver), which the Company recognizes on a one-month lag. Additionally, the Company has a 3.8% interest in a national online database of classified advertising and e-commerce; equity losses recorded by the Company during 2002 reduced the value of this investment to zero. Summarized financial information for the Company's investment in these unconsolidated affiliates is presented in the following chart:

<i>(In thousands)</i>	2002	2001
Current assets	\$ 112,915	\$ 128,141
Noncurrent assets	633,698	678,944
Current liabilities	94,868	89,519
Noncurrent liabilities	351,173	347,028

<i>(In thousands)</i>	2002	2001	2000
Net sales	\$ 402,222	\$ 526,056	\$ 641,932
Gross profit (loss)	(16,459)	113,470	65,654
Net income (loss)	(44,184)	56,172	(4,091)
Company's equity in net income (loss)	(14,129)	19,949	5,131

The Company is committed to purchase approximately 40 thousand tons of newsprint annually from SPNC. In 2002, the Company purchased approximately 50 thousand tons of newsprint from SPNC at market prices, which totaled \$20 million and approximated 38% of the Company's newsprint needs; in 2001 and 2000, the Company purchased approximately 40 thousand tons of newsprint which approximated 30% of the Company's newsprint needs and totaled approximately \$22 million in each of those years. The Company has agreed to contribute additional equity (up to \$6.7 million) if SPNC's liquidity, as defined, were to fall below a minimum threshold. This agreement terminates upon the earlier of achievement of specified targets by SPNC or December 31, 2005. Summarized financial information for the Company's investment in SPNC, accounted for by the equity method, is presented in the following chart. Results for 2002 as compared to the prior year were impacted by significantly lower 2002 newsprint selling prices.

SP Newsprint Company:

<i>(In thousands)</i>	2002	2001
Current assets	\$ 105,079	\$ 113,916
Noncurrent assets	505,578	529,756
Current liabilities	91,424	80,163
Noncurrent liabilities	269,810	255,579

<i>(In thousands)</i>	2002	2001	2000
Net sales	\$ 388,028	\$ 476,245	\$ 381,710
Gross profit (loss)	(4,622)	106,528	74,715
Net income (loss)	(40,560)	58,692	22,149
Company's equity in net income (loss)	(13,544)	19,269	7,677

Denver is the parent company of The Denver Post, a Colorado daily newspaper. In January 2001, The Denver Post and the Rocky Mountain News finalized a Joint Operating Agreement (JOA), under which the competing newspapers combined their advertising, circulation and production operations, while maintaining separate newsrooms. A one-time pretax gain of \$6.1 million was recorded by the Company in the first quarter of 2001 related to a cash payment received by Denver in conjunction with the formation of the JOA; it is included in the line item "Investment income (loss) – unconsolidated affiliates" on the accompanying Consolidated Statements of Operations. That line also includes the Company's share of start-up costs incurred by Denver related to the initial formation of the JOA.

Retained earnings of the Company at December 29, 2002, included \$27 million related to undistributed earnings of unconsolidated affiliates.

Note 5: Long-Term Debt and Other Financial Instruments

Long-term debt at December 29, 2002, and December 30, 2001, was as follows:

<i>(In thousands)</i>	2002	2001
Revolving credit facility	\$ 430,000	\$ 550,000
6.95% senior notes due in 2006, net of discount	199,913	199,890
8.62% senior notes	—	13,000
Bank lines	13,000	14,000
Capitalized leases	24	772
Long-term debt	\$ 642,937	\$ 777,662

In June 2001 the Company replaced its \$1.2 billion revolving credit facility with a five-year revolving credit facility committing a syndicate of banks to lend the Company up to \$1 billion. Interest rates under the new facility are based on the London Interbank Offered Rate (LIBOR) plus a margin ranging from 0.75% to 1.50% (.925% at December 29, 2002), determined by the Company's debt leverage ratio, as defined. Under this facility, the Company pays fees (0.2% at December 29, 2002) on the entire commitment of the facility at a rate also based on its leverage ratio. The Company's debt covenants require the maintenance of an interest coverage ratio in addition to the leverage ratio, as defined.

In August 2001 the Company filed a universal shelf registration for combined public debt or equity securities totaling up to \$1.2 billion and issued \$200 million of senior notes due September 1, 2006. The senior notes (sold at a slight discount) pay a coupon rate of 6.95% semi-annually in March and September. Covenants under these notes include limitations on liens, sale-leaseback transactions, and indebtedness. Additionally these notes are currently guaranteed by the Company's subsidiaries.

Long-term debt maturities during the five years subsequent to December 29, 2002, aggregating \$642.9 million are as follows: 2003 – \$13 million and 2006 – \$629.9 million.

At December 29, 2002, the Company had borrowings of \$13 million from bank lines due within one year classified as long-term debt in accordance with the Company's intention and ability to refinance these obligations on a long-term basis under existing facilities. The interest rate on the bank lines was 2.4% at December 29, 2002.

On January 1, 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The adoption resulted in a cumulative effect change that had no impact on net income and an after-tax net increase to OCI of \$3.6 million. During 2002, one of the Company's interest rate swaps with a notional amount of \$100 million matured. At the close of the year, the Company had four interest rate swaps with notional amounts totaling \$275 million and maturities in February and March of 2003, as well as four forward starting interest rate swaps (which begin as the other swaps mature) with notional amounts totaling \$200 million and maturities in 2004 and 2005. The current interest rate swaps are cash flow hedges that effectively convert a portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate approximating 7.1% at December 29, 2002. The Company entered into these interest rate swap agreements to manage interest cost and cash flows associated with variable interest rates, primarily short-term changes in LIBOR; changes in cash flows of the interest rate swaps offset changes in the interest payments on the covered portion of the Company's revolving credit agreement. In connection with these interest rate swap agreements, the Company recorded in Other Comprehensive Income an after-tax gain of \$3.3 million in 2002 and an after-tax charge of \$4.7 million in 2001. There was no impact on net income due to ineffectiveness. If interest rates remain unchanged during 2003, the Company would expect to reclassify a charge of approximately \$3.7 million into earnings in the next twelve months associated with interest payments on LIBOR-based debt; this would result in an effective interest rate of just under 5% on the swapped portion of the Company's debt. Prior to the adoption of SFAS No.133, the Company used the accrual method to account for all interest rate swap agreements and all amounts which were due to or from counterparties were recorded as an adjustment to interest expense in the periods in which they were accrued. The Company's exposure to credit loss on its interest rate swap agreements in the event of non-performance by the counterparties is believed to be remote due to the Company's requirement that the counterparties have a strong credit rating.

The table below includes information about the carrying values and estimated fair values of the Company's financial instruments at December 29, 2002 and December 30, 2001:

(In thousands)

	2002		2001	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Assets:				
Investments	\$ 18,981	\$ 18,981	\$ 14,300	\$ 14,300
Liabilities:				
Long-term debt:				
Revolving credit facility	430,000	430,000	550,000	550,000
6.95% senior notes	199,913	214,248	199,890	196,474
8.62% senior notes	—	—	13,000	13,266
Bank lines	13,000	13,000	14,000	14,000
Interest rate swap agreements	7,513	7,513	12,659	12,659

The Company's investments which have a readily determinable value and are classified as available-for-sale are carried at fair value, with unrealized gains or losses, net of deferred taxes, reported as a separate component of stockholders' equity. The Company's other investments which do not have readily determinable fair values are carried at cost which approximates fair value. The interest rate swaps are carried at fair value based on a discounted cash flow analysis of the estimated amounts the Company would have received or paid to terminate the swaps. Fair values of the Company's long-term debt were estimated, in both years, using discounted cash flow analyses based on the Company's incremental borrowing rates for similar types of borrowings. The borrowings under the Company's revolving credit facility and bank lines approximated their fair value. The Company has agreed to sell its shares of Hoover's, a provider of business information, in the first quarter of 2003 and expects to recognize an after-tax gain of approximately \$3.7 million.

Note 6: Business Segments

The Company, located primarily in the southeastern United States, is a diversified communications company which has three operating segments: Publishing, Broadcast and Interactive Media. The Publishing Segment, the Company's largest based on revenue and segment profit, includes 25 daily newspapers and nearly 100 weekly newspapers and other publications, and the Company's 20% interest in Denver. The Broadcast Segment consists of 26 network-affiliated broadcast television stations and a provider of equipment and studio design services. The Interactive Media Segment, which was launched in January 2001, consists of all of the Company's online enterprises as well as Media General Financial Services, the Company's provider of online financial information. Additionally, this Segment includes the Company's 3.8% interest in an online database of classified advertising.

Management measures segment performance based on operating cash flow (operating income plus depreciation and amortization) as well as profit or loss from operations before interest, income taxes, and acquisition related amortization. Amortization of intangibles is not allocated to individual segments although the intangible assets themselves are included in identifiable assets for each segment. Intercompany sales are accounted for as if the sales were at current market prices and are eliminated in the consolidated financial statements. The Company's reportable segments, which are managed separately, are strategic business enterprises that provide distinct products and services using diverse technology and production processes.

Information by segment is as follows:

<i>(In thousands)</i>	Publishing	Broadcast	Interactive Media	Eliminations	Total
2002					
Consolidated revenues	\$ 528,514	\$ 298,930	\$ 11,277	\$ (1,921)	\$ 836,800
Segment operating cash flow	\$ 152,019	\$ 101,412	\$ (3,678)		\$ 249,753
Allocated amounts:					
Equity in net loss of unconsolidated affiliates	(172)		(413)		(585)
Write-off of investments			(4,793)		(4,793)
Depreciation and amortization	(27,000)	(21,285)	(895)		(49,180)
Segment profit (loss)	\$ 124,847	\$ 80,127	\$ (9,779)		195,195
Unallocated amounts:					
Interest expense					(47,874)
Investment loss – SP Newsprint					(13,544)
Acquisition intangibles amortization					(11,933)
Corporate expense					(32,266)
Other					(1,428)
Consolidated income before income taxes and cumulative effect of change in accounting principle					\$ 88,150
Segment assets	\$ 954,828	\$ 1,216,521	\$ 26,456		\$ 2,197,805

Corporate						149,206
						<u>2,347,011</u>
Consolidated assets						\$ 2,347,011
Segment capital expenditures	\$	6,543	\$	23,201	\$	1,301
Corporate						2,235
						<u>33,280</u>
Consolidated capital expenditures						\$ 33,280

<i>(In thousands)</i>	Publishing	Broadcast	Interactive Media	Eliminations	Total
2001					
Consolidated revenues	\$ 542,100	\$ 257,879	\$ 8,808	\$ (1,611)	\$ 807,176
Segment operating cash flow	\$ 152,448	\$ 69,631	\$ (2,319)		\$ 219,760
Allocated amounts:					
Equity in net income (loss) of unconsolidated affiliates	3,094		(2,414)		680
Write-off of investments			(4,151)		(4,151)
Depreciation and amortization	(27,858)	(20,708)	(463)		(49,029)
Segment profit (loss)	\$ 127,684	\$ 48,923	\$ (9,347)		167,260
Unallocated amounts:					
Interest expense					(54,247)
Investment income – SP Newsprint					19,269
Acquisition intangibles amortization					(60,475)
Corporate expense					(34,304)
Other					(6,557)
Consolidated income from continuing operations before income taxes					\$ 30,946
Segment assets	\$ 986,478	\$ 1,361,673	\$ 18,427		\$ 2,366,578
Corporate					167,481
Consolidated assets					\$ 2,534,059
Segment capital expenditures	\$ 7,658	\$ 36,703	\$ 980		\$ 45,341
Corporate					9,032
Consolidated capital expenditures					\$ 54,373
2000					
Consolidated revenues	\$ 560,064	\$ 262,845	\$ 7,940	\$ (248)	\$ 830,601
Segment operating cash flow	\$ 176,864	\$ 85,205	\$ (360)		\$ 261,709
Allocated amounts:					
Equity in net loss of unconsolidated affiliates	(932)		(1,614)		(2,546)
Write-off of investment			(1,310)		(1,310)
Depreciation and amortization	(25,972)	(18,617)	(328)		(44,917)
Segment profit (loss)	\$ 149,960	\$ 66,588	\$ (3,612)		212,936
Unallocated amounts:					
Interest expense					(42,558)
Investment income – SP Newsprint					7,677
Acquisition intangibles amortization					(52,501)
Corporate expense					(35,093)
Other					12,465

Consolidated income from continuing operations before income taxes				<u>\$ 102,926</u>
Segment assets	\$ 1,029,702	\$ 1,383,414	\$ 22,169	<u>\$ 2,435,285</u>
Corporate				125,997
Consolidated assets				<u>\$ 2,561,282</u>
Segment capital expenditures	\$ 18,096	\$ 13,008	\$ 481	<u>\$ 31,585</u>
Discontinued Newsprint capital expenditures				6,015
Corporate				5,273
Consolidated capital expenditures				<u>\$ 42,873</u>

Note 7: Taxes on Income

Significant components of income taxes from continuing operations are as follows:

<i>(In thousands)</i>	2002	2001	2000
Current:			
Federal	\$ 10,897	\$ 392	\$ 21,234
State	705	648	2,551
	<u>11,602</u>	<u>1,040</u>	<u>23,785</u>
Deferred:			
Federal	21,695	11,513	18,339
State	1,434	469	(2,755)
	<u>23,129</u>	<u>11,982</u>	<u>15,584</u>
Income taxes	<u>\$ 34,731</u>	<u>\$ 13,022</u>	<u>\$ 39,369</u>

The Company's provision for state income taxes for the fiscal year 2000 reflects a \$3 million deferred state income tax benefit due to a reduction in the Company's effective state tax rate.

Temporary differences which gave rise to significant components of the Company's deferred tax liabilities and assets at December 29, 2002, and December 30, 2001, are as follows:

<i>(In thousands)</i>	2002	2001
Deferred tax liabilities:		
Difference between book and tax bases of intangible assets	\$ 310,100	\$ 307,803
Tax over book depreciation	95,041	92,365
Other	10,270	9,612
Total deferred tax liabilities	<u>415,411</u>	<u>409,780</u>
Deferred tax assets:		
Employee benefits	(36,250)	(34,203)
Acquired net operating losses	(3,267)	(8,519)
Other comprehensive income items	(28,718)	(11,792)
Other	(10,840)	(13,347)
Total deferred tax assets	<u>(79,075)</u>	<u>(67,861)</u>
Deferred tax liabilities, net	336,336	341,919
Deferred tax assets included in other current assets	8,842	8,935
Deferred tax liabilities	<u>\$ 345,178</u>	<u>\$ 350,854</u>

Reconciliation of income taxes computed at the federal statutory tax rate to actual income tax expense from continuing operations is as follows:

(In thousands)

	2002	2001	2000
Income taxes computed at federal statutory tax rate	\$ 30,853	\$ 10,831	\$ 36,024
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal income tax benefit	1,391	727	(133)
Investment income – unconsolidated affiliates	48	(866)	261
Amortization of excess cost (goodwill)	—	3,879	3,697
Other	2,439	(1,549)	(480)
Income taxes	\$ 34,731	\$ 13,022	\$ 39,369

(39)

Net of refunds in 2002, the Company paid income taxes of \$4.3 million. Net of payments in 2001, the Company received refunds of \$1.5 million. Net of refunds in 2000, the Company paid income taxes of \$531.9 million. The significant increase in taxes paid in 2000 was attributable to the gain on the sale of the Company's Cable Operations in 1999.

The Company's federal income tax returns have been examined by the Internal Revenue Service (IRS) through fiscal year 1998 and, with the exception of one issue relating to the Company's Corporate Owned Life Insurance (COLI) plan, all significant issues have been resolved. The COLI issue is the subject of a coordinated IRS initiative which has been asserted on a national level against many large corporate taxpayers with COLI plans. Various state returns are currently under examination by state tax authorities. The results of examinations are not expected to be material to the Company's results of operations, financial position or cash flow.

Note 8: Common Stock and Stock Options

Holders of the Class A common stock are entitled to elect 30% of the Board of Directors and, with the holders of Class B common stock, also are entitled to vote on the reservation of shares for stock awards and on certain specified types of major corporate reorganizations or acquisitions. Class B common stock can be converted into Class A common stock on a share-for-share basis at the option of the holder. Both classes of common stock receive the same dividends per share.

Each non-employee member of the Board of Directors of the Company participates in the Directors' Deferred Compensation Plan. The plan provides that each non-employee Director shall receive half of his or her annual compensation for services to the Board in the form of Deferred Stock Units (DSU); each Director additionally may elect to receive the balance of his or her compensation in cash or DSU. Other than dividend credits, deferred stock units do not entitle Directors to any rights due to a holder of common stock. DSU account balances may be settled as of the Director's retirement date by a cash lump-sum payment, a single distribution of common stock, or annual installments of either cash or common stock over a period of up to ten years. The Company records expense annually based on the amount of compensation paid to each director as well as an adjustment for changes in the Company's stock price. Expense recognized in 2002 and 2001 under the plan was \$1 million and \$1.4 million; a benefit of \$0.2 million was recognized in 2000.

Stock-based awards are granted to key employees in the form of nonqualified stock options and restricted stock under the 1995 Long-Term Incentive Plan (LTIP). The plan is administered by the Compensation Committee of the Board of Directors. Grant prices of stock options are determined by the Committee and shall not be less than the fair market value on the date of grant. Options are exercisable during the continued employment of the optionee but not for a period greater than ten years and not for a period greater than one year after termination of employment, and they generally become exercisable at the rate of one-third each year from the date of grant. Restricted stock is awarded in the name of each of the participants; these shares have all the rights of other Class A shares, subject to certain restrictions and forfeiture provisions. In 2001 and 1999, 114,900 shares and 72,200 shares were granted under terms of the plan, respectively. Restrictions on the shares expire no more than ten years after the date of award, or earlier if pre-established performance targets are met. All restricted stock granted prior to 1999 has been issued. The plan will continue until terminated by the Company.

Unearned compensation was recorded at the date of the restricted stock awards based on the market value of the shares. Unearned compensation, which is shown as a separate component of stockholders' equity, is being amortized to expense over a vesting period (not exceeding ten years) based upon expectations of meeting certain performance targets. The amount amortized to expense in 2002, 2001 and 2000 was \$1.3 million, \$1.3 million and \$0.4 million, respectively.

Options to purchase Class A common stock were granted to key employees under the 1976 and 1987 nonqualified stock option plans prior to the 1995 LTIP. The Company will not make any future awards under these two former plans and past awards are not affected. Options outstanding under the plans are exercisable during the continued employment of the optionee, but not for a period greater than ten years after the date of grant for options granted subsequent to the 1991 amendment to the 1987 plan and for a period of not greater than three years after termination of employment.

In December 1999, the Board of Directors authorized a program to repurchase up to \$250 million of the Company's Class A common stock. The Company repurchased stock, at market prices, beginning in late 1999 and continuing throughout 2000. At December 31, 2000, 4.1 million shares had been repurchased at a cost of \$204 million since the program's inception, including \$7.5 million from the Company's 401(k) plan; no shares were repurchased in 2002 or 2001.

A summary of the Company's stock option activity, and related information for the years ended December 29, 2002, December 30, 2001 and December 31, 2000, follows:

Options	2002		2001		2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding-beginning of year	1,094,619	\$40.64	1,006,735	\$36.61	986,773	\$32.96
Granted	343,100	50.37	244,800	51.41	176,500	52.06
Exercised	(250,694)	32.60	(141,250)	29.32	(136,969)	29.37
Forfeited	(30,365)	51.43	(15,666)	51.68	(19,569)	42.97
Outstanding-end of year	1,156,660	44.99	1,094,619	40.64	1,006,735	36.61
Price range at end of year	\$2 to \$52		\$2 to \$52		\$2 to \$52	
Price range for exercised shares	\$2 to \$52		\$19 to \$48		\$2 to \$48	
Available for grant at end of year	1,477,539		1,790,274		319,408	
Exercisable at end of year	682,042		713,869		751,887	
Weighted-average fair value of options granted during the year	\$25.68		\$26.88		\$23.25	

The following table summarizes information about stock options outstanding at December 29, 2002:

Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price	
\$ 2.50	8,400	*	\$ 2.50	8,400	\$ 2.50	
19.13	1,700	Less than 1 year	19.13	1,700	19.13	
27.63-31.81	235,600	3 years	30.07	235,600	30.07	
32.50-46.50	153,000	**	42.18	153,000	42.18	
47.91-52.06	757,960	8 years	50.72	283,342	50.49	
2.50-52.06	1,156,660		44.99	682,042	40.90	

* Exercisable during lifetime of optionee

** Exercisable during the continued employment of the optionee and for a three-year period thereafter with the exception of 68,400 options which were issued on 1/28/98 for \$46.38 with a remaining contractual life of five years

Note 9: Retirement Plans

The Company has a non-contributory defined benefit retirement plan which covers substantially all employees, and non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. The Company also provides certain health and life insurance benefits for retired employees. The previously mentioned plans are collectively referred to as the "Plans."

The Company used discount rates of 6.75% and 7.25% in 2002 and 2001 and compensation rate increases of 3.75% and 4.25%,

respectively, to measure the Company's benefit obligation under the Plans. The expected return on plan assets, which affects the Company's annual pension cost, was 9% for 2003 and 10% in the preceding two years. Additionally, for measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002. This rate was assumed to decrease gradually each year to a rate of 5.25% for 2009 and remain at that level thereafter.

With the passage of time, actual experience differs from the assumptions used in determining the Company's pension and postretirement benefit obligations. These differences, coupled with external economic factors, cause periodic revision of the assumptions. The effects of actual versus assumed experience, as well as changes in assumptions, give rise to actuarial gains and losses in the table that follows. These actuarial gains and losses represent differences in actual versus expected return on plan assets and other changes in assumptions and are recognized over the expected service period of active participants. The Company believes that the decline in investment returns combined with lower discount rates in recent years will result in an increase in the Company's pension cost and contributions in the coming years and these have already given rise to significant actuarial losses in the tables that follow.

The following table provides a reconciliation of the changes in the Plans' benefit obligations and fair value of assets for the years ended December 29, 2002, and December 30, 2001, and a statement of the funded status at December 29, 2002, and December 30, 2001:

<i>(In thousands)</i>	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 253,880	\$ 243,861	\$ 32,859	\$ 35,542
Service cost	9,308	8,298	360	349
Interest cost	18,867	17,753	2,453	2,320
Participant contributions	—	—	534	421
Actuarial (gain) loss	17,844	(2,895)	5,758	(2,893)
Benefit payments	(13,045)	(13,137)	(3,498)	(2,880)
Benefit obligation at end of year	286,854	253,880	38,466	32,859
Change in plan assets:				
Fair value of plan assets at beginning of year	207,586	232,637	—	—
Actual return on plan assets	(29,264)	(13,234)	—	—
Employer contributions	1,404	1,320	2,964	2,459
Participant contributions	—	—	534	421
Benefit payments	(13,045)	(13,137)	(3,498)	(2,880)
Fair value of plan assets at end of year	166,681	207,586	—	—
Funded status:				
Plan assets less than benefit obligation	(120,173)	(46,294)	(38,466)	(32,859)
Unrecognized prior-service cost	1,360	1,765	—	—
Unrecognized actuarial loss	91,888	20,605	8,752	3,100
Accrued benefit cost	(26,925)	(23,924)	(29,714)	(29,759)
Components of accrued benefit cost:				
Accrued benefit liability	(84,742)	(23,924)	(29,714)	(29,759)
Intangible asset	1,941	—	—	—
Accumulated other comprehensive income	55,876	—	—	—
Net amount recognized	\$ (26,925)	\$ (23,924)	\$ (29,714)	\$ (29,759)

The following table provides the components of net periodic benefit cost for the Plans for fiscal years 2002, 2001 and 2000:

<i>(In thousands)</i>	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	\$ 9,308	\$ 8,298	\$ 8,012	\$ 360	\$ 349	\$ 356
Interest cost	18,867	17,753	17,558	2,453	2,320	2,575
Expected return on plan assets	(24,398)	(24,070)	(23,852)	—	—	—
Amortization of transition asset	—	—	(1,012)	—	—	—

Amortization of prior-service cost	576	620	608	—	—	—
Amortization of net (gain) loss	52	(1,070)	(1,200)	115	—	123
Multi-employer plans expense	—	—	467	—	—	—
Net periodic benefit cost	\$ 4,405	\$ 1,531	\$ 581	\$ 2,928	\$ 2,669	\$ 3,054

change in accounting
principle

\$ 53,366	23,236	\$ 2.30	\$ 17,855	22,956	\$ 0.78	\$ 63,532	24,189	\$ 2.63
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(43)

Note 11: Commitments, Contingencies and Other

Broadcast film rights

Over the next three years the Company is committed to purchase approximately \$33.4 million of program rights which currently are not available for broadcast, including programs not yet produced. If such programs are not produced the Company's commitment would expire without obligation.

Lease obligations

The Company rents certain facilities and equipment under operating leases. These leases extend for varying periods of time ranging from one year to more than twenty years and in many cases contain renewal options. Total rental expense amounted to \$8.6 million in 2002, \$11.4 million in 2001 and \$16.9 million in 2000. Minimum rental commitments under operating leases with noncancelable terms in excess of one year are as follows: 2003 – \$4.4 million; 2004 – \$3.3 million; 2005 – \$2.6 million; 2006 – \$1.9 million; 2007 – \$1.5 million; subsequent years – \$7.3 million.

During 2002, the Company entered into lease agreements whereby the owner, a third-party entity founded specifically for that purpose, borrowed approximately \$100 million to refinance existing leased real estate facilities; the facilities are leased to the Company for a term of up to 5 years. The Company may cancel the leases by purchasing or arranging for the sale of the facilities. The Company has guaranteed recovery of a portion (85%) of the owner's cost. The Company made payments of \$2.7 million under these lease agreements in 2002.

Newsprint swap

Concurrent with the completion of the third quarter 2000 sale of Garden State Paper (GSP), the Company entered into a seven-year financial newsprint swap agreement with Enron North America Corporation (Enron). A portion of the agreement was designated as a cash flow hedge under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and was accounted for accordingly; see Note 1 for a complete discussion of accounting for derivatives. The objective of this hedge was to offset the variability of cash flows for purchases of newsprint due to changes in market prices; changes in cash flows of the newsprint swap were expected to be highly effective at offsetting changes in the cash flows related to the Company's purchases of newsprint.

In late November of 2001 the Company terminated the newsprint swap agreement for reasons including misrepresentations made by Enron at the time the contract was signed. Enron filed for bankruptcy shortly thereafter. The Company believes that no further payments are due by either party under the agreement. In late July 2002 the Company received a letter from Enron disputing the Company's position. The Company responded in writing that it continues to believe that its position is correct.

During 2001 prior to the termination of the swap, the Company recorded net after-tax charges to OCI of \$19 million, representing the decline in estimated fair value of the derivative based on forecasted newsprint prices. There was no impact on net income due to ineffectiveness. Additionally, the Company recorded a pre-tax loss of approximately \$5.5 million in the line item "Other, net" related primarily to the decrease in fair value of that portion of the contract not designated as a hedge. The Company expects to reclassify a non-cash charge of approximately \$2.1 million from OCI into newsprint expense in the next twelve months associated with actual newsprint purchases.

Interest

In 2002, 2001 and 2000, the Company's interest expense related to continuing operations was \$47.9 million (net of \$0.5 million capitalized), \$54.2 million (net of \$0.6 million capitalized) and \$42.6 million, respectively. Interest paid for all operations during 2002, 2001 and 2000, net of amounts capitalized, was \$45.3 million, \$52.4 million and \$42.8 million, respectively.

Other current assets

Other current assets included program rights of \$14.1 million and \$14.7 million at December 29, 2002, and December 30, 2001, respectively.

Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following:

<i>(In thousands)</i>	<u>2002</u>	<u>2001</u>
Payroll and employee benefits	\$ 28,274	\$ 19,566
Program rights	14,471	15,537
Advances from unconsolidated newsprint affiliate	6,667	6,667
Unearned revenue	19,195	17,343
Interest	6,524	7,555
Other	13,515	13,920
	<u> </u>	<u> </u>
Total	\$ 88,646	\$ 80,588
	<u> </u>	<u> </u>

Media General, Inc.

Quarterly Review

(Unaudited, in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002				
Revenues	\$ 194,539	\$ 211,752	\$ 201,153	\$ 229,356
Operating income	24,869	40,721	29,848	52,762
Income before cumulative effect of change in accounting principle	6,025	16,262	9,511	21,621
Cumulative effect of change in accounting principle	(126,336)	—	—	—
Net income (loss)	(120,311)	16,262	9,511	21,621
Income per share before cumulative effect of change in accounting principle	0.26	0.71	0.41	0.94
Income per share before cumulative effect of change in accounting principle - assuming dilution	0.26	0.70	0.41	0.93
Net income (loss) per share	(5.27)	0.71	0.41	0.94
Net income (loss) per share - assuming dilution	(5.21)	0.70	0.41	0.93
Shares traded	3,662	5,975	4,929	4,822
Stock price range	\$ 49.10-63.50	\$ 58.20-69.49	\$ 46.55-61.34	\$ 46.60-60.50
Quarterly dividend paid	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
2001				
Revenues	\$ 198,881	\$ 205,747	\$ 193,052	\$ 209,496
Operating income	9,318	21,024	14,133	28,239
Income (loss) from continuing operations	3,350	7,696	(1,016)	7,894
Discontinued operations	—	—	280	—
Net income (loss)	3,350	7,696	(736)	7,894
Income (loss) per share from continuing operations	0.15	0.34	(0.04)	0.35
Income (loss) per share from continuing operations – assuming dilution	0.15	0.33	(0.04)	0.34
Net income (loss) per share	0.15	0.34	(0.03)	0.35
Net income (loss) per share – assuming dilution	0.15	0.33	(0.03)	0.34
Shares traded	4,180	2,343	1,987	2,606
Stock price range	\$ 34.06-52.40	\$ 44.41-53.50	\$ 42.60-51.38	\$ 41.06-51.74
Quarterly dividend paid	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17

- Media General, Inc., Class A common stock is listed on the New York Stock Exchange under the symbol MEG. The approximate number of equity security holders of record at March 2, 2003, was: Class A common – 1,838, Class B common – 12.
- Includes the recognition, at the beginning of fiscal 2002, of an impairment charge related to indefinite-lived intangibles of \$126.3 million, net of a tax benefit of \$12.2 million, as the cumulative effect of a change in accounting principle resulting from the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*.

Ten-Year Financial Summary

(In thousands, except per share amounts)

Certain of the following data were compiled from the consolidated financial statements of Media General, Inc., and should be read in conjunction with those statements and the financial review and management analysis which appear elsewhere in this report.

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Summary of Operations				
Operating revenues	\$ 836,800	\$ 807,176	\$ 830,601	\$ 692,902
Net income (loss)	\$ (72,917)	\$ 18,204	\$ 53,719	\$ 881,316
Adjustments to reconcile to operating cash flow:				
Cumulative effect of change in accounting principle (a)	126,336	—	—	—
(Income) loss from discontinued operations (b)	—	—	4,350	(5,107)
Loss (gain) on sale of GSP operations (b)	—	(280)	13,774	—
Gain on sale of Cable operations (b)	—	—	(8,286)	(798,719)
Extinguishment of debt (c)	—	—	—	2,128
Gain on sale of Denver Newspapers, Inc. common stock	—	—	—	(30,983)
Gain on sale of Garden State Newspapers investment	—	—	—	—
Investment (income) loss – unconsolidated affiliates	14,129	(19,949)	(5,131)	(9,067)
Other, net	(1,953)	7,470	(16,520)	(12,637)
Interest expense	47,874	54,247	42,558	45,014
Income taxes (c)	34,731	13,022	39,369	50,631
Operating income	148,200	72,714	123,833	122,576
Depreciation and amortization	65,495	113,732	101,547	72,440
Operating cash flow	\$ 213,695	\$ 186,446	\$ 225,380	\$ 195,016
Per Share Data: (a)(b)(c)				
Income (loss) from continuing operations	\$ 2.33	\$ 0.79	\$ 2.66	\$ 2.92
Discontinued operations	—	0.01	(0.41)	30.33
Cumulative effect of change in accounting principle	(5.51)	—	—	—
Net income (loss)	\$ (3.18)	\$ 0.80	\$ 2.25	\$ 33.25
Per Share Data – assuming dilution: (a)(b)(c)				
Income (loss) from continuing operations	\$ 2.30	\$ 0.78	\$ 2.63	\$ 2.88
Discontinued operations	—	0.01	(0.41)	29.90
Cumulative effect of change in accounting principle	(5.44)	—	—	—
Net income (loss)	\$ (3.14)	\$ 0.79	\$ 2.22	\$ 32.78
Other Financial Data:				
Total assets	\$ 2,347,011	\$ 2,534,059	\$ 2,561,282	\$ 2,340,374
Working capital	49,051	62,541	58,339	167,546
Capital expenditures	33,280	54,373	42,873	60,829
Total debt	642,937	777,662	822,077	59,838
Cash dividends per share	0.72	0.68	0.64	0.60

- (a) Includes the recognition, at the beginning of fiscal 2002, of an impairment charge related to indefinite-lived intangibles of \$126.3 million, net of a tax benefit of \$12.2 million, as the cumulative effect of a change in accounting principle resulting from the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*.
- (b) The Company sold its Garden State Paper operation in September 2000 and reported a loss of \$13.5 million (net of a tax benefit of \$6.1 million), including a small favorable adjustment in 2001, and sold its Cable Television operations in October 1999 and reported a gain of \$807 million (net of income taxes of \$513.6 million), including a small favorable adjustment in 2000. All prior periods have been restated to reflect these items as discontinued operations (net of tax).

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Summary of Operations						
Operating revenues	\$ 688,677	\$ 641,910	\$ 491,235	\$ 427,477	\$ 394,531	\$ 374,097
Net income (loss)	\$ 70,874	\$ (10,490)	\$ 70,498	\$ 53,232	\$ 117,009	\$ 25,708
Adjustments to reconcile to operating cash flow:						
Cumulative effect of change in accounting principle (a)	—	—	—	—	—	—
(Income) loss from discontinued operations (b)	(23,019)	(14,019)	(14,953)	(14,614)	(8,394)	(11,545)
Loss (gain) on sale of GSP operations (b)	—	—	—	—	—	—
Gain on sale of Cable operations (b)	—	—	—	—	—	—
Extinguishment of debt (c)	—	101,613	—	—	—	—
Gain on sale of Denver Newspapers, Inc. common stock	—	—	—	—	—	—
Gain on sale of Garden State Newspapers investment	—	—	—	—	(91,520)	—
Investment (income) loss – unconsolidated affiliates	(22,193)	(21,037)	(27,188)	(19,034)	(2,935)	990
Other, net	636	(1,798)	(1,979)	(6,292)	(2,300)	(3,838)
Interest expense	61,027	59,131	12,680	3,858	4,118	8,343
Income taxes (c)	26,967	(13,097)	30,335	18,837	21,001	5,782
Operating income	114,292	100,303	69,393	35,987	36,979	25,440
Depreciation and amortization	69,055	65,936	32,571	27,765	26,577	27,308
Operating cash flow	\$ 183,347	\$ 166,239	\$ 101,964	\$ 63,752	\$ 63,556	\$ 52,748
Per Share Data: (a)(b)(c)						
Income (loss) from continuing operations	\$ 1.80	\$ (0.93)	\$ 2.11	\$ 1.48	\$ 4.17	\$ 0.55
Discontinued operations	0.87	0.53	0.57	0.56	0.33	0.44
Cumulative effect of change in accounting principle	—	—	—	—	—	—
Net income (loss)	\$ 2.67	\$ (0.40)	\$ 2.68	\$ 2.04	\$ 4.50	\$ 0.99
Per Share Data – assuming dilution: (a)(b)(c)						
Income (loss) from continuing operations	\$ 1.78	\$ (0.93)	\$ 2.09	\$ 1.46	\$ 4.13	\$ 0.53
Discontinued operations	0.85	0.53	0.56	0.55	0.32	0.45
Cumulative effect of change in accounting principle	—	—	—	—	—	—
Net income (loss)	\$ 2.63	\$ (0.40)	\$ 2.65	\$ 2.01	\$ 4.45	\$ 0.98
Other Financial Data:						
Total assets	\$1,917,346	\$1,814,201	\$1,025,484	\$1,016,743	\$ 787,165	\$ 745,242
Working capital	29,129	34,716	13,373	22,938	14,833	9,551
Capital expenditures	49,480	41,599	28,510	29,076	56,919	32,837
Total debt	928,101	900,140	276,318	327,235	173,144	262,550
Cash dividends per share	0.56	0.53	0.50	0.48	0.44	0.44

- (c) In 1999 the Company incurred a charge of \$1.3 million (net of a tax benefit of \$800 thousand), representing the cost associated with the termination of interest rate swaps, while in 1997 the company incurred a charge of \$63 million (net of a tax benefit of \$38.6 million), representing the debt repayment premium and write-off of associated debt issuance costs related to the redemption of debt assumed in a January 1997 acquisition. These charges were recorded as extraordinary items in prior years, but have been restated as extinguishment of debt (with a corresponding adjustment to income taxes) for all prior years due to the issuance of SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*.

Subsidiaries of the Registrant

Listed below are the major subsidiaries of the Company, including equity investees, each of which is in the consolidated financial statements of the Company and its Subsidiaries, and the percentage of ownership by the Company (or if indented, by the subsidiary under which it is listed). Subsidiaries omitted from the list would not, if aggregated, constitute a significant subsidiary:

Name of Subsidiary	Jurisdiction of Incorporation	Securities Ownership
Media General Communications, Inc.	Delaware	100%
Media General Operations, Inc.	Delaware	100%
Media General Broadcasting of South Carolina Holdings, Inc.	Delaware	100%
Professional Communications Systems, Inc.	Florida	100%
The Tribune Company Holdings, Inc.	Delaware	100%
NES II, Inc.	Virginia	100%
Virginia Paper Manufacturing Corp.	Georgia	100%
SP Newsprint Company (Partnership)	Georgia	33.33%
Media General Financial Services, Inc.	Virginia	100%
Denver Post Corporation	Delaware	20%

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Media General, Inc., of our report dated January 24, 2003, included in the 2002 Annual Report to Stockholders of Media General, Inc.

Our audits also included Note 12 to the consolidated financial statements and the financial statement schedule of Media General, Inc., listed in Item 15(a). Note 12 and this schedule are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, Note 12 to the consolidated financial statements and the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements of our report dated January 24, 2003, with respect to the consolidated financial statements of Media General, Inc., incorporated herein by reference, and our report included in the preceding paragraph with respect to Note 12 to the consolidated financial statements and the financial statement schedule of Media General, Inc., included in this Annual Report (Form 10-K) of Media General, Inc., for the fiscal year ended December 29, 2002.

Registration Statement Number	Description
2-56905	Form S-8
33-23698	Form S-8
33-26853	Form S-3
33-52472	Form S-8
333-16731	Form S-8
333-16737	Form S-8
333-69527	Form S-8
333-54624	Form S-8
333-57538	Form S-8
333-67612	Form S-3

/s/ ERNST & YOUNG LLP

Richmond, Virginia
March 24, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Media General, Inc. (the "Company") on Form 10-K for the year ended December 29, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Stewart Bryan III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. STEWART BRYAN III

J. Stewart Bryan III
Chairman and Chief Executive Officer

March 28, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Media General, Inc. (the "Company") on Form 10-K for the year ended December 29, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marshall N. Morton, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARSHALL N. MORTON

Marshall N. Morton
Vice Chairman and Chief Financial Officer

March 28, 2003